

10747 Renner Boulevard  
Lenexa, Kansas 66219

2022



**WaterOne**  
Water District No. 1 of Johnson County

**BUDGET**



# 2022 Budget

Adopted December 14, 2021  
by the Board of Water District No. 1 of Johnson County, Kansas

## **BOARD:**

Brenda Cherpitel, Chair  
Kay Heley, Vice Chair  
Ron Appletoft  
Melanie Kraft  
Mark Parkins  
Bob Reese  
Whitney Wilson

## **FINANCE COMMITTEE:**

Bob Reese, Committee Chair  
Ron Appletoft  
Kay Heley

## **SENIOR STAFF:**

Mike Armstrong, General Manager  
Darin Kamradt, Director of Finance  
Eric Arner, Director of Legal / Auditing  
Janet Barrow, Director of Human Resources / Administration  
Mandy Cawby, Director of Customer Relations  
Jorge O'Neill, Director of Information Technology  
Dan Smith, Director of Distribution  
Michelle Wirth, Director of Production

Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Water District No. 1 of Johnson County, Kansas, for its Annual Budget for the fiscal year beginning January 1, 2021. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Water District No. 1 of Johnson County  
Kansas**

For the Fiscal Year Beginning

**January 01, 2021**

*Christopher P. Morill*

Executive Director

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# EXECUTIVE SUMMARY

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## Looking back at 2021 ...

WaterOne experienced lower than projected water sales in 2021 due to higher than average rainfall, and continued declines in indoor water use. Operation and maintenance expenses were less than the budget primarily due to power and chemical savings realized from producing less water.

Customer growth continues to be modest. Growth in 2021 is on pace of growth experienced over the past five years. Customer growth is expected to increase slowly over the next few years.

Investment income was higher than projected in 2021 due to the combination of a larger portfolio balance and higher investment yields. There was a significant decline in short term rates for treasuries in 2020 which remained at historic lows throughout 2021. WaterOne's portfolio is laddered so that many of the investments maturing in early 2021 were purchased prior to the decline at higher yields and helped to push up the overall investment income for the year. It is projected that rates will remain at historically low levels through 2022 with a slow, gradual increase over the five-year plan.

## Looking ahead to 2022 ...

The rate increase is 3.6% as projected in last year's budget.

The largest increase in the budget is a \$3.1M or 5.3% increase in operating and maintenance expenses. This increase is driven primarily by a rise in the projected payroll, chemical expenses, software maintenance, property and liability insurance and fuel prices. The increases proposed in the budget represent the funding required to support WaterOne's strategic goals.

The second-largest impact to the budget, the reduction in gallons sold, reduces revenue by \$0.8M or 0.7%. Indoor water use continues to decline, which is reflected in the lower budgeted gallons sold for Single Family Residential (R1) customers who are expected to use less water. This is a national trend due to the efficiency of water-saving devices like low-flow toilets, low-flow shower heads and front-loading clothes washing machines. This reduction in usage is expected to continue and is an important factor in projected future water rate increases. Over 60% of WaterOne's water sales revenue comes from residential customers.

Capital funding is increasing from 2021 to 2022 by \$0.7M or 1.8% and reflects WaterOne's strategic investment in aging infrastructure. Capital funding includes Total Annual Capital and designations to the Master Plan capital fund. This spending can be variable on a year-to-year basis. The timing of capital requests is determined by the asset management plan which is based on meeting service level goals at the lowest life cycle cost.



## EXECUTIVE SUMMARY

## Where the money comes from ...

## 2022 REVENUE PROVIDED: \$125.76M

2022 revenues are projected to increase by \$4.63M, or 3.8%, over 2021 primarily due to the 3.6% overall increase in water rates. The addition of 1,300 new retail customers and one new wholesale customer provides increased water sales revenues which are mostly offset by declining water use. Other operating revenue is increasing due to increases in delayed payment charges and field service charges. Investment income is increasing slightly due to a larger portfolio balance with the assumed interest rate remaining flat at 0.25%.

## Comparison of Revenues

In Millions

	2021	2022	\$ Inc	% Inc
Revenues	Budget	Budget	<Dec>	<Dec>
Sales of Water	\$119.28	\$123.83	\$4.54	3.8%
Other Operating Revenue	1.54	1.62	0.08	5.0%
Investment Income	0.30	0.31	0.01	3.3%
<b>Total Revenue</b>	<b>\$121.13</b>	<b>\$125.76</b>	<b>\$4.63</b>	<b>3.8%</b>

Numbers may not total due to rounding

## Where the money goes ...

## 2022 REVENUE REQUIREMENTS: \$125.76M

The revenue requirements for 2022 increased by \$4.63M, or 3.8%, over 2021. As shown in the following table the largest increase is in operations and maintenance expense while the largest decrease is to funding designated to Master Plan. All categories are discussed in more detail in the following sections.

## Comparison of Revenue Requirements

In millions

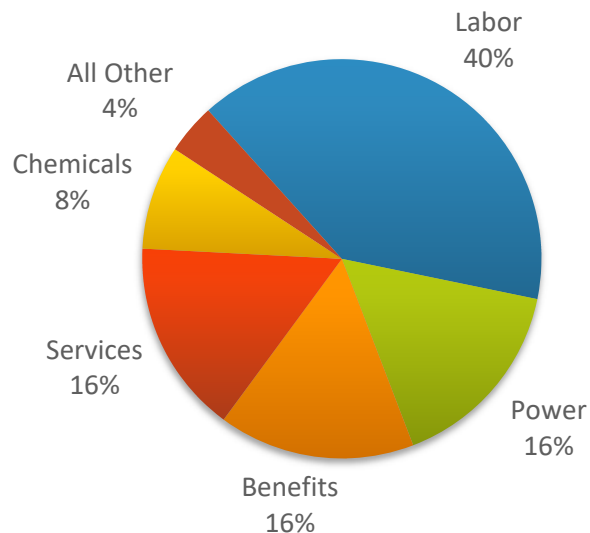
	2021	2022	\$ Inc	% Inc
Revenue Requirements	Budget	Budget	<Dec>	<Dec>
Operations & Maintenance Expense	\$58.88	\$61.99	\$3.11	5.3%
Total Annual Capital	27.60	30.14	2.54	9.2%
Debt Service	21.19	21.37	0.18	0.8%
Designated to Master Plan	13.24	11.50	<1.75>	<13.2%>
Reserve Funding	0.21	0.76	0.55	261.9%
<b>Total Revenue Requirements</b>	<b>\$121.13</b>	<b>\$125.76</b>	<b>\$4.63</b>	<b>3.8%</b>

Numbers may not total due to rounding

## EXECUTIVE SUMMARY

**OPERATIONS & MAINTENANCE EXPENSES: \$61.99M**

Operations and Maintenance (O&M) expenses represent 49% of the 2022 budget, which is similar to 2021. O&M increased 5.3% year-over-year due to increases in projected labor, chemical expenses, and services.

**Total Operations & Maintenance Expense**

The following table shows the breakdown of the significant O&M expenses including the difference between 2021 and 2022 followed by further discussion of the major operating costs.

**Total Operations & Maintenance Expense**

In millions				
O&M	2021 Budget	2022 Budget	\$ Inc <Dec>	% Inc <Dec>
Labor	\$23.55	\$24.74	\$1.18	5.0%
Power <sup>(a)</sup>	9.86	9.89	0.03	0.3%
Benefits	9.80	9.86	0.06	0.7%
Services	8.59	9.74	1.15	13.4%
Chemicals	4.79	5.23	0.44	9.3%
All Other	2.29	2.53	0.24	10.6%
<b>Total</b>	<b>\$58.88</b>	<b>\$61.99</b>	<b>\$3.11</b>	<b>5.3%</b>

Numbers may not total due to rounding

(a) includes power for source, treatment, transmission, and distribution from electricity and natural gas

## EXECUTIVE SUMMARY

### **Labor**

Labor costs include:

- The annual true-up to the 2021 base to reflect the actual outcome of payroll after turn-over, retirements, and vacancies
- A 4.0% performance compensation adjustment
- An 0.1% equity adjustment related to the 2017 Compensation Study
- Overtime
- Transfers of labor costs to capital projects
- A net increase of 5.0 Full-Time Equivalent (FTE) positions

All positions are assessed based on operational needs including those related to customer growth. Six new full-time positions, one full-time elimination, one new intern and one summer position elimination are included in this budget request.

### *Requested Positions*

- Chemist – Full-Time
- Communications Manager – Full-Time
- IT Infrastructure Engineer – Full-Time
- Service Desk Technician – Full-Time
- Project Manager – Full-Time
- Custodian – Full-Time
- Legal/Audit Intern – Intern

### *Eliminated Positions*

- Meter Reading Foreman – Full-Time
- Summer Meter Repair - Summer

### **Power**

The power budget increased \$0.03M or 0.3%. Power is increasing slightly due to increased usage of the Missouri River intake facility while other facilities are out of service for capital improvements. No rate increases are proposed from WaterOne's power suppliers, BPU and Evergy. As a result of a merger in 2018, Evergy has committed to freeze rates through 2023. Discussions with BPU staff have indicated that a 2022 rate increase is not planned at this time due to recent rate increases and changes to its rate structure that have resulted in revenues adequate to fund its objectives.

### **Benefits**

Employee benefits (net of transfers) are increasing \$0.06M or 0.7%. There is a slight increase in benefits related to additional personnel and the mix of health insurance coverage plans. Premiums for health insurance remained flat and contributions to the total pension accounts declined slightly.

## EXECUTIVE SUMMARY

**Services**

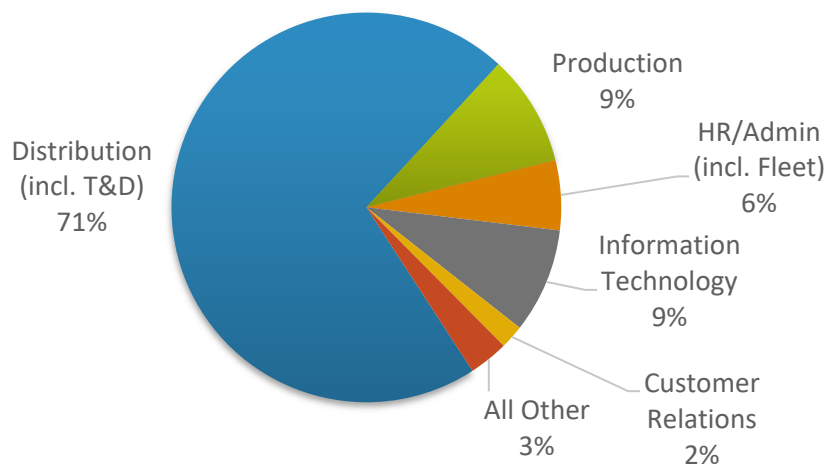
Services (net of transfers) increased \$1.15M or 13.4%. 2022 is increasing primarily due to increasing maintenance cost of Microsoft, SCADA, and cloud-based data storage. Increased services also include cyber security consulting and increases in property and liability insurance premiums.

**Chemicals**

The chemical budget increased \$0.44M, or 9.3%. The increase is primarily due to increased prices for many water treatment chemicals. Rising transportation costs and supply chain issues were cited by suppliers during the chemical bid process. Increases in the chemical budget also include dose adjustments based on current operations.

**TOTAL ANNUAL CAPITAL: \$30.14M**

The Total Annual Capital budget for 2022 increased \$2.54M from 2021. Approximately 94% of the budget is used to replace current facilities and equipment. These needs are continually evaluated to determine the proper time to replace versus repair.

**Total Annual Capital by Division****Total Annual Capital**

In millions

	2021 Budget	2022 Budget	\$ Inc <Dec>	% Inc <Dec>
Production	\$3.84	\$2.79	<\$1.05>	<27.4%>
Information Technology	1.14	2.62	1.49	131.0%
Human Resources/Admin. (incl. Fleet)	1.85	1.75	<0.10>	<5.4%>
Customer Relations	0.87	0.59	<0.27>	<31.7%>
Distribution	0.23	0.71	0.48	206.9%
All Other	0.54	0.99	0.45	84.4%
<b>Annual Capital</b>	<b>\$8.46</b>	<b>\$9.45</b>	<b>\$1.00</b>	<b>11.8%</b>
Transmission & Distribution	\$19.15	\$20.69	\$1.55	8.1%
<b>Total Annual Capital</b>	<b>\$27.60</b>	<b>\$30.14</b>	<b>\$2.54</b>	<b>9.2%</b>

Numbers may not total due to rounding

## EXECUTIVE SUMMARY

Annual Capital increased for 2022 by \$1.00M. These capital requests are primarily used to replace obsolete or worn-out equipment, purchase new equipment and technology, and make improvements to existing assets. The largest projects include annual meter replacements, the wireless replacement program, MO River warm water supply improvements, Board Room technology upgrades, a new directional drilling machine, solar panel licenses and the light duty replacement program. These requests vary annually and are primarily based on the asset management plan.

The Transmission & Distribution (T&D) budget has increased by \$1.55M to \$20.69M. The increase is due to the continued execution of WaterOne's asset management strategy which targets replacement of aging infrastructure at the lowest life-cycle cost.

**Transmission & Distribution (T&D)**

In millions	<b>2021 Budget</b>	<b>2022 Budget</b>	<b>\$ Inc &lt;Dec&gt;</b>	<b>% Inc &lt;Dec&gt;</b>
Distribution Main Replacements	\$9.54	\$10.68	\$1.14	11.9%
Distribution Main Breaks	4.49	4.72	0.24	5.2%
General Improvements	2.50	2.70	0.20	8.0%
Distribution Main Relocations	1.40	1.35	<0.06>	<3.9%>
Transmission Main Capital	0.70	0.67	<0.03>	<4.3%>
Condition Assessment	0.52	0.58	0.06	10.6%
<b>Subtotal T&amp;D Funding</b>	<b>\$19.15</b>	<b>\$20.69</b>	<b>\$1.55</b>	<b>8.1%</b>

**DEBT SERVICE: \$21.37M**

Debt Service increased \$0.18M, or 0.8% over 2021. WaterOne has a strategy to maintain a level total debt structure. No new debt issuances are currently planned in 2022.

**DESIGNATED TO MASTER PLAN: \$11.50M**

Funds designated to the Master Plan Capital Fund decreased \$1.75 or 13.2%. "Designated to Master Plan" is funding from current revenues to help fund major capital improvements. This debt management strategy recognizes that current customers benefit from Master Plan projects and contributes a percentage of annual water sales accordingly. These funds also reduce reliance on future debt. The 2022 budget of \$11.5M is 9.1% of total revenue. The target minimum contribution is 5.0% of total revenue.



EXECUTIVE SUMMARY

**RESERVE FUNDING: \$0.76M**

Reserve funding increased \$0.55M or 261.9%. The 2022 reserve funding consists of reserves mandated by bond covenants requiring a reserve equal to one sixth of total annual revenue. No additional funding is projected for the negative cash flow reserve in 2022.

**IN SUMMARY**

Despite the challenges of declining water consumption, below-average customer growth in recent years, historically low investment yields, and aging infrastructure, WaterOne's financial position continues to be strong thanks to its capital investment strategy, quality staff, and capacity to adapt to the variability of weather. WaterOne remains committed to its track record of steady and predictable rate adjustments which provide stability for residential customers and the business community.

The 2022 budget provides the resources needed to deliver on WaterOne's vision of *"Setting the Standard for Utility Excellence."*

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## OVERVIEW

### **Budget Review and Approval Process**

The Financial Planning & Analysis (FP&A) Department kicks off the budget planning cycle in the first quarter. Budget targets and challenges are communicated with managers and directors. All budget forms, instructions, standards, and schedules are then posted on WaterOne's intranet budgeting site.

In the first step, FP&A meets with department managers regarding any additional personnel requests resulting from workforce strategy planning. They gather data and develop a Metrics Based Analysis (MBA) to justify the submission. The MBAs are data-driven analyses based on actual work produced, task-time estimates, constraining parameters, and assumptions. Alternatives and consequences of non-approval are also documented.

Next, FP&A prepares an initial operations & maintenance budget for each department using zero-based budgets, historical data, trend analysis and any other known relevant information. FP&A meets with each manager/director to get input and make required adjustments based on changing operational needs, new programs and goals.

Capital projects are submitted by managers to FP&A who review amounts and justifications. For specialized requests (such as computer equipment, modifications to facilities, and fleet), the department responsible for the asset's installation and/or maintenance works closely with the requestor to ensure that it meets the stated needs and that the amount is appropriate. Five year plans are also updated for capital and personnel.

At this point, directors review, provide input, and after any additional changes, approve the current year and five year requests. Financial modeling is then updated with the latest budget submissions and any other revised assumptions and the water rates required to support the budget are produced.

Each division reviews their budget requests with the General Manager and Director of Finance. Strategic objectives and specific line items are discussed. After final changes are made and final approval is received from the General Manager, the appropriate documents are prepared for Board review.

The Board reviews the recommended budget in two work sessions in the fall. Once the Board has fully reviewed the recommended budget and provided direction to management, a public hearing is held in November. Additional adjustments to the recommended budget may be made at that time. The final budget is approved at the regularly scheduled December Board meeting. Water rates to support the budget become effective with water used on or after the beginning of the new fiscal year on January 1.

Formal budget amendments are not a part of WaterOne's process. See Fiscal Policies, Annual Budgeting (Section 202) for additional information.

## OVERVIEW

### **Expenditure Approval Roles & Responsibilities**

#### *Board Members*

- The Board reviews and approves the annual budget, including limitations on the number of employees and establishing any new programs.
- Board approval is required for non-budgeted items exceeding \$50,000
  - With approval of the Chair, GM authority is increased to \$100,000
- Construction and repair projects for the water supply and distribution system costing over \$25,000 require public letting and award by the Board.
- Board approval is required for change orders in excess of \$25,000.
- Board approval is required for contract amendments on any contract approved by the Board.
- All contracts for professional services which aggregate \$100,000 or more for a single project or contract (whichever is greater) require Board approval.
- Board approval is required for omissions and contingencies in excess of \$100,000

#### *General Manager*

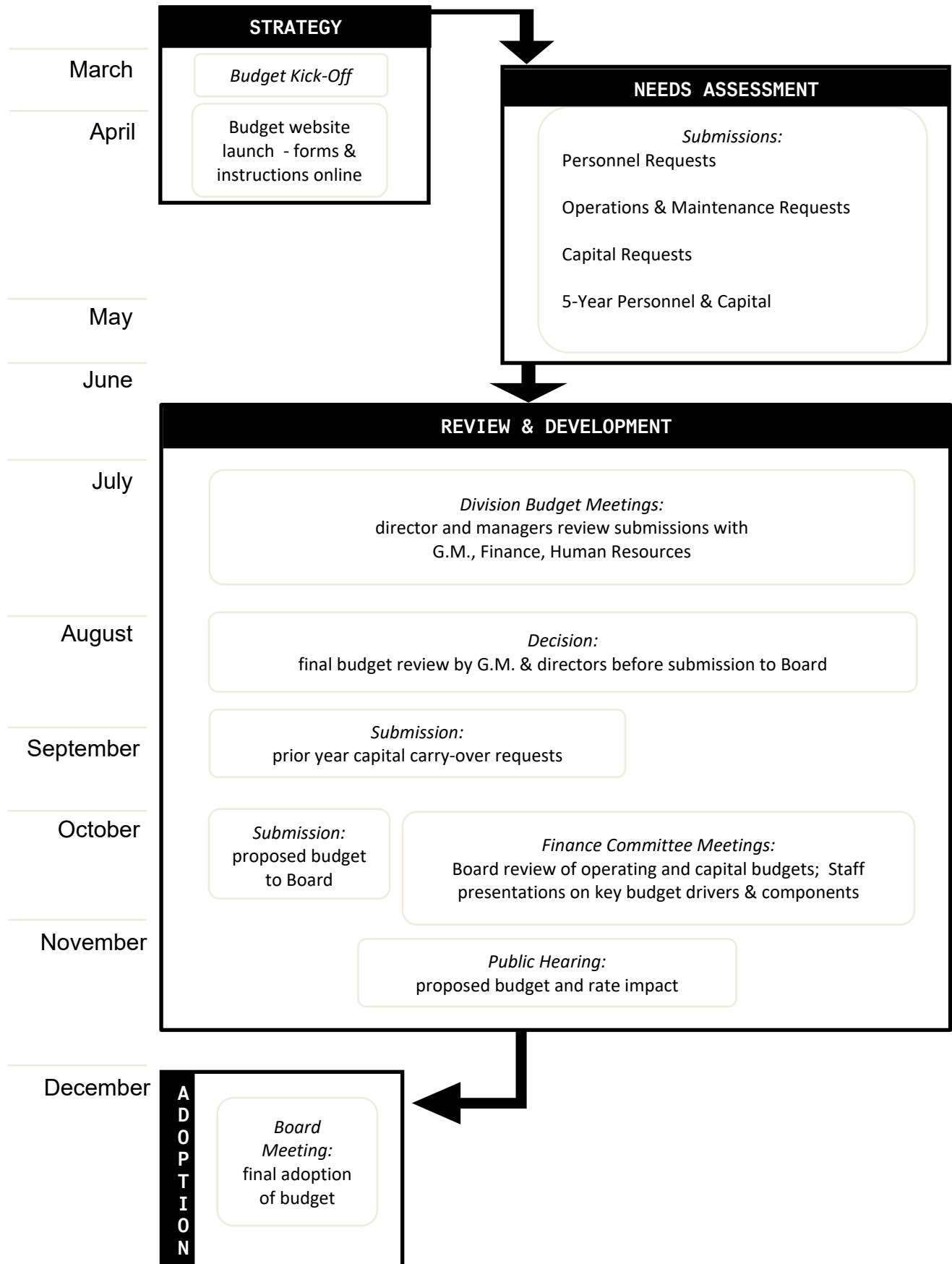
- Review and authorize expenditures exceeding \$10,000.
- Only the General Manager has the authority to bind WaterOne contractually. All contracts require the General Manager's signature.
- Contracts can only be cancelled by the General Manager.

#### *Staff*

- Managers review and authorize expenditures up to \$5,000.
- Directors review and authorize expenditures up to \$10,000.
- All Employees are expected to use WaterOne funds in the most efficient manner and comply with WaterOne Purchasing Policy and Procedures.

OVERVIEW

## BUDGET PROCESS

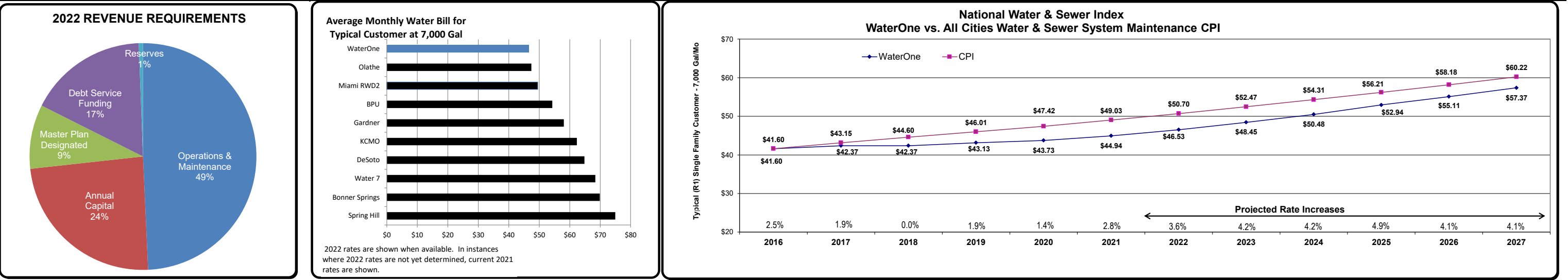




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WATERONE FINANCIAL OVERVIEW

TOTAL ANNUAL OPERATING BUDGET	2.5%	1.8%	0.0%	1.9%	1.4%	2.8%	3.6%*	4.1%*	4.2%*	4.9%*	4.1%*	4.1%*	WATER RATES																																																																																																																																																					
	2016 ACTUAL	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 ACTUAL	2021 BUDGET	2022 BUDGET	2023 PROJECTION	2024 PROJECTION	2025 PROJECTION	2026 PROJECTION	2027 PROJECTION	LONG TERM MODEL PROJECTION ASSUMPTIONS																																																																																																																																																					
REVENUES PROVIDED:													<div>Budgeted Customer Growth per Year</div> <table><tr><td>2022</td><td>2023</td><td>2024</td><td>2025</td><td>2026</td><td>2027</td></tr><tr><td>1,300</td><td>1,400</td><td>1,500</td><td>1,600</td><td>1,700</td><td>1,800</td></tr></table> <div>Actual Customer Growth per Year</div> <table><tr><td>2016</td><td>2017</td><td>2018</td><td>2019</td><td>2020</td><td>2021</td></tr><tr><td>1,367</td><td>1,289</td><td>1,393</td><td>1,300</td><td>1,219</td><td>1,200 (Est)</td></tr></table> <div>Gallons Per Customer Per Year:</div> <table><tr><td>Residential Single Family (R1)</td><td>82,009</td><td>gallons</td></tr><tr><td>Multi-Family (M1)</td><td>425,000</td><td>gallons</td></tr><tr><td>Small Commercial (C1)</td><td>210,000</td><td>gallons</td></tr><tr><td>Large Commercial (C2)</td><td>1,417,537</td><td>gallons</td></tr></table> <div>Interest % Yield on Investment Income</div> <table><tr><td>2022</td><td>2023</td><td>2024</td><td>2025</td><td>2026</td><td>2027</td></tr><tr><td>0.25%</td><td>0.50%</td><td>1.25%</td><td>1.75%</td><td>2.50%</td><td>2.75%</td></tr></table> <div>O&amp;M Assumptions (2022-2026)</div> <table><tr><td>Payroll</td><td>3.75%</td></tr><tr><td>Power</td><td>5.0%</td></tr><tr><td>Chemicals</td><td>4.0%</td></tr><tr><td>Health Ins.</td><td>10.0%</td></tr><tr><td>All Other O&amp;M</td><td>3.0%</td></tr></table> <div>Annual Capital Assumptions</div> <table><tr><td>Inflation rate at 3%</td></tr></table>						2022	2023	2024	2025	2026	2027	1,300	1,400	1,500	1,600	1,700	1,800	2016	2017	2018	2019	2020	2021	1,367	1,289	1,393	1,300	1,219	1,200 (Est)	Residential Single Family (R1)	82,009	gallons	Multi-Family (M1)	425,000	gallons	Small Commercial (C1)	210,000	gallons	Large Commercial (C2)	1,417,537	gallons	2022	2023	2024	2025	2026	2027	0.25%	0.50%	1.25%	1.75%	2.50%	2.75%	Payroll	3.75%	Power	5.0%	Chemicals	4.0%	Health Ins.	10.0%	All Other O&M	3.0%	Inflation rate at 3%																																																																																					
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Sales Of Water	\$ 108,586,314	\$ 105,837,757	\$ 115,631,746	\$ 102,833,800	\$ 114,852,298	\$ 119,283,371	\$ 123,750,167	\$ 129,186,157	\$ 135,008,759	\$ 142,023,470	\$ 148,371,308	\$ 155,079,692																																																																																																																																																						
Sales Of Water - Wholesale	-	-	-	-	-	-	77,304	160,995	168,073	175,886	182,983	190,773																																																																																																																																																						
Other Operating Revenues	1,329,856	1,359,342	1,466,752	1,378,032	1,201,561	1,543,000	1,620,000	1,633,000	1,647,000	1,661,000	1,675,000	1,689,000																																																																																																																																																						
Total Operating Revenues	109,916,170	107,197,099	117,098,498	104,211,832	116,053,858	120,826,371	125,447,471	130,980,152	136,823,832	143,860,356	150,229,291	156,959,465																																																																																																																																																						
Investment Income (General and P&I Funds)	572,595	1,238,639	2,248,496	3,295,390	1,819,271	300,000	310,000	500,000	1,320,000	2,010,000	3,100,000	3,690,000																																																																																																																																																						
Investment Income (Construction & SDC Funds)	230,189	127,894	499,607	352,426	197,820	-	-	70,000	190,000	650,000	990,000	280,000																																																																																																																																																						
Total Investment Income	802,784	1,366,533	2,748,103	3,647,816	2,017,092	300,000	310,000	570,000	1,510,000	2,660,000	4,090,000	3,970,000																																																																																																																																																						
TOTAL REVENUES PROVIDED	\$ 110,718,954	\$ 108,563,632	\$ 119,846,601	\$ 107,859,648	\$ 118,070,950	\$ 121,126,371	\$ 125,757,471	\$ 131,550,152	\$ 138,333,832	\$ 146,520,356	\$ 154,319,291	\$ 160,929,465																																																																																																																																																						
REVENUE REQUIREMENTS:													<div>Operations &amp; Maintenance Expense</div> <table><tr><td>\$ 49,728,302</td><td>\$ 52,926,798</td><td>\$ 56,680,974</td><td>\$ 54,398,113</td><td>\$ 57,932,645</td><td>\$ 58,879,511</td><td>\$ 61,988,617</td><td>\$ 65,014,652</td><td>\$ 68,064,571</td><td>\$ 70,996,020</td><td>\$ 74,775,641</td><td>\$ 78,533,377</td></tr></table> <div>Annual Capital</div> <table><tr><td>4,864,318</td><td>3,889,505</td><td>4,619,881</td><td>4,512,769</td><td>4,908,024</td><td>8,455,000</td><td>9,450,000</td><td>9,960,000</td><td>10,260,000</td><td>10,570,000</td><td>10,880,000</td><td>11,200,000</td></tr></table> <div>Current Year Carryovers to be Spent in Following Year</div> <table><tr><td>6,040,982</td><td>5,349,198</td><td>4,902,266</td><td>5,603,102</td><td>2,861,394</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr></table> <div>Transmission and Distribution (T&amp;D) Funding</div> <table><tr><td>12,940,000</td><td>14,410,000</td><td>14,780,000</td><td>17,330,000</td><td>18,240,000</td><td>19,145,000</td><td>20,690,000</td><td>22,350,000</td><td>24,140,000</td><td>26,070,000</td><td>28,130,000</td><td>30,330,000</td></tr></table> <div>Total Annual Capital</div> <table><tr><td>23,845,300</td><td>23,648,703</td><td>24,302,147</td><td>27,445,871</td><td>26,009,418</td><td>27,600,000</td><td>30,140,000</td><td>32,310,000</td><td>34,400,000</td><td>36,640,000</td><td>39,010,000</td><td>41,530,000</td></tr></table> <div>Debt Service Funding</div> <table><tr><td>24,663,482</td><td>24,167,417</td><td>20,450,427</td><td>20,499,772</td><td>20,961,631</td><td>21,192,738</td><td>21,371,000</td><td>25,858,236</td><td>24,849,158</td><td>29,306,704</td><td>29,302,213</td><td>29,304,774</td></tr></table> <div>Master Plan Designated</div> <table><tr><td>12,437,530</td><td>10,015,434</td><td>12,821,892</td><td>8,361,535</td><td>15,345,849</td><td>13,244,122</td><td>11,497,854</td><td>7,327,263</td><td>9,690,104</td><td>7,157,632</td><td>8,521,437</td><td>9,741,315</td></tr></table> <div>Investment Income (Construction &amp; SDC Funds)</div> <table><tr><td>230,189</td><td>127,894</td><td>499,607</td><td>352,426</td><td>197,820</td><td>-</td><td>-</td><td>70,000</td><td>190,000</td><td>650,000</td><td>990,000</td><td>280,000</td></tr></table> <div>Repayment to Master Plan for Bond Payoff</div> <table><tr><td>-</td><td>-</td><td>770,000</td><td>860,500</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr></table> <div>Total Transfers to Master Plan</div> <table><tr><td>12,667,719</td><td>10,143,328</td><td>14,091,498</td><td>9,574,461</td><td>15,543,669</td><td>13,244,122</td><td>11,497,854</td><td>7,397,263</td><td>9,880,104</td><td>7,807,632</td><td>9,511,437</td><td>10,021,315</td></tr></table> <div>Bond Covenant Required Reserve</div> <table><tr><td>(519,505)</td><td>(1,301,653)</td><td>322,918</td><td>537,803</td><td>228,063</td><td>210,000</td><td>760,000</td><td>970,000</td><td>1,140,000</td><td>1,360,000</td><td>1,290,000</td><td>1,100,000</td></tr></table> <div>Negative Cash Flow Reserve</div> <table><tr><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>410,000</td><td>430,000</td><td>440,000</td></tr></table>						\$ 49,728,302	\$ 52,926,798	\$ 56,680,974	\$ 54,398,113	\$ 57,932,645	\$ 58,879,511	\$ 61,988,617	\$ 65,014,652	\$ 68,064,571	\$ 70,996,020	\$ 74,775,641	\$ 78,533,377	4,864,318	3,889,505	4,619,881	4,512,769	4,908,024	8,455,000	9,450,000	9,960,000	10,260,000	10,570,000	10,880,000	11,200,000	6,040,982	5,349,198	4,902,266	5,603,102	2,861,394	-	-	-	-	-	-	-	12,940,000	14,410,000	14,780,000	17,330,000	18,240,000	19,145,000	20,690,000	22,350,000	24,140,000	26,070,000	28,130,000	30,330,000	23,845,300	23,648,703	24,302,147	27,445,871	26,009,418	27,600,000	30,140,000	32,310,000	34,400,000	36,640,000	39,010,000	41,530,000	24,663,482	24,167,417	20,450,427	20,499,772	20,961,631	21,192,738	21,371,000	25,858,236	24,849,158	29,306,704	29,302,213	29,304,774	12,437,530	10,015,434	12,821,892	8,361,535	15,345,849	13,244,122	11,497,854	7,327,263	9,690,104	7,157,632	8,521,437	9,741,315	230,189	127,894	499,607	352,426	197,820	-	-	70,000	190,000	650,000	990,000	280,000	-	-	770,000	860,500	-	-	-	-	-	-	-	-	12,667,719	10,143,328	14,091,498	9,574,461	15,543,669	13,244,122	11,497,854	7,397,263	9,880,104	7,807,632	9,511,437	10,021,315	(519,505)	(1,301,653)	322,918	537,803	228,063	210,000	760,000	970,000	1,140,000	1,360,000	1,290,000	1,100,000	-	-	-	-	-	-	-	-	-	410,000	430,000	440,000
\$ 49,728,302	\$ 52,926,798	\$ 56,680,974	\$ 54,398,113	\$ 57,932,645	\$ 58,879,511	\$ 61,988,617	\$ 65,014,652	\$ 68,064,571	\$ 70,996,020	\$ 74,775,641	\$ 78,533,377																																																																																																																																																							
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-	-	-	-	-	-	-	-	-	410,000	430,000	440,000																																																																																																																																																							
TOTAL REVENUE REQUIREMENTS	\$ 110,385,299	\$ 109,584,593	\$ 115,847,965	\$ 112,456,020	\$ 120,675,426	\$ 121,126,371	\$ 125,757,471	\$ 131,550,152	\$ 138,333,832	\$ 146,520,356	\$ 154,319,291	\$ 160,929,465																																																																																																																																																						
Funds Available for Reservation	\$ 333,655	\$ (1,020,961)	\$ 3,998,636	\$ (4,596,372)	\$ (2,604,476)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -																																																																																																																																																						
														<div>Assumes all 5/8" System Development Charges</div> <div>★ Rate increases beyond the current year are not formally adopted by the Board and are subject to change in the future.</div>																																																																																																																																																				
Debt Service Coverage	2.47	2.30	3.09	2.61	2.87	2.94	2.98	2.57	2.83	2.58	2.71	2.81																																																																																																																																																						
Master Plan Designated as a % of Water Sales	11%	9%	11%	13%	13%	11%	9%	6%	7%	5%	6%	6%																																																																																																																																																						
MASTER PLAN CAPITAL FUND																																																																																																																																																																		
Carryover Reserves Available for Future Awards	\$ 41,165,815	\$ 43,717,520	\$ 52,284,045	\$ 38,686,646	\$ 21,679,594	\$ 49,728,808	\$ 53,350,501	\$ 13,000,509	\$ 21,947,682	\$ 12,542,879	\$ 66,123,425	\$ 44,795,809																																																																																																																																																						
Funding Sources:																																																																																																																																																																		
Net Bond Proceeds	-	37,000,000	-	-	-	-	-	43,000,000	-	66,000,000	-	-																																																																																																																																																						
Designated for Master Plan from Annual Budget	12,437,530	10,015,434	12,821,892	8,361,535	15,345,849	13,244,122	11,497,854	7,327,263	9,690,104	7,157,632	8,521,437	9,741,315																																																																																																																																																						
System Development Charge (SDC) Revenue	9,900,000	9,900,000	9,600,000	9,100,000	8,300,000	6,000,000	6,500,000	7,000,000	7,500,000	8,294,400	8,848,500	9,586,800																																																																																																																																																						
Reserve Transfers	1,500,000	-	-	555,340	6,688,251	1,772,500	-	-	-	-	-	-																																																																																																																																																						
Investment Income (Construction & SDC Funds)	-	-	-	352,426	-	-	-	70,000	190,000	650,000	990,000	280,000																																																																																																																																																						
Total Funding Sources	\$ 23,837,530	\$ 56,915,434	\$ 22,421,892	\$ 18,369,301	\$ 30,334,100	\$ 21,016,622	\$ 17,997,854	\$ 57,397,263	\$ 17,380,104	\$ 82,102,032	\$ 18,359,937	\$ 19,608,115																																																																																																																																																						
TOTAL FUNDS AVAILABLE	\$ 65,003,345	\$ 100,632,954	\$ 74,705,937	\$ 57,055,947	\$ 52,013,694	\$ 70,745,430	\$ 71,348,355	\$ 70,397,773	\$ 39,327,786	\$ 94,644,911	\$ 84,483,362	\$ 64,403,924																																																																																																																																																						
Master Plan Project Costs (Award Basis)	\$ 21,285,825	\$ 48,348,910	\$ 36,019,290	\$ 35,376,350	\$ 2,284,887	\$ 17,394,929	\$ 58,347,846	\$ 48,450,091	\$ 26,784,907	\$ 28,521,486	\$ 39,687,553	\$ 50,976,481																																																																																																																																																						



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**2022 Budget to 2021 Budget**  
**2022 Water Rate Increase = 3.6%**

	2021 ADOPTED BUDGET @ 2.8%	2022 ADOPTED BUDGET @ 3.6%	\$ Inc (Dec)	% Inc -Dec
<b>1 REVENUES PROVIDED:</b>				
2 Water Sales @ Prior Year Rates	\$ 119,283,371	\$ 119,283,371	\$ -	0.0%
3 Add'l Revs by New Custs @ Prior Year Rates	na	1,066,875	1,066,875	0.9%
4 Revenue Adjustments (See Exhibit 2, Line 9)	na	(880,070)	(880,070)	-0.7%
5 Increase Required from Rate Adjustment	na	4,357,295	4,357,295	3.6%
6 TOTAL SALES OF WATER	\$ 119,283,371	\$ 123,827,471	\$ 4,544,100	3.8%
7 Delayed Payment Charges	\$ 550,000	\$ 580,000	\$ 30,000	5.5%
8 Field Service Charges	353,000	365,000	12,000	3.4%
9 Other Operating Revenues	640,000	675,000	35,000	5.5%
10 TOTAL OTHER OPERATING REVENUES	\$ 1,543,000	\$ 1,620,000	\$ 77,000	5.0%
11 Investment Income (General and P&I Funds)	\$ 300,000	\$ 310,000	\$ 10,000	3.3%
12 Investment Income (Construction & SDC Funds)	-	-	-	N/A
13 TOTAL INVESTMENT INCOME	\$ 300,000	\$ 310,000	\$ 10,000	3.3%
14 TOTAL REVENUES PROVIDED	\$ 121,126,371	\$ 125,757,471	\$ 4,631,100	3.8%
<b>15 REVENUE REQUIREMENTS:</b>				
16 TOTAL OPERATIONS AND MAINTENANCE EXPENSE	\$ 58,879,511	\$ 61,988,617	\$ 3,109,106	5.3%
17 Annual Capital	\$ 8,455,000	\$ 9,450,000	\$ 995,000	11.8%
18 T&D Funding	19,145,000	20,690,000	1,545,000	8.1%
19 TOTAL ANNUAL CAPITAL	\$ 27,600,000	\$ 30,140,000	\$ 2,540,000	9.2%
20 TOTAL DEBT SERVICE FUNDING	\$ 21,192,738	\$ 21,371,000	\$ 178,262	0.8%
21 Master Plan Designated	\$ 13,244,122	\$ 11,497,854	\$ (1,746,267)	-13.2%
22 Investment Income (Construction & SDC Funds)	-	-	-	N/A
23 Repayment to Master Plan for Bond Payoff	-	-	-	N/A
24 TOTAL TRANSFERS TO MASTER PLAN	\$ 13,244,122	\$ 11,497,854	\$ (1,746,267)	-13.2%
25 Bond Covenant Required Reserve	\$ 210,000	\$ 760,000	\$ 550,000	261.9%
26 Negative Cash Flow Reserve	-	-	-	N/A
27 TOTAL REQUIRED RESERVE FUNDING	\$ 210,000	\$ 760,000	\$ 550,000	261.9%
28 TOTAL REVENUE REQUIREMENTS	\$ 121,126,371	\$ 125,757,471	\$ 4,631,100	3.8%
29 Net Income Available for Debt Service ( Ln #14 - Ln #16 )	\$ 62,246,860	\$ 63,768,855	\$ 1,521,995	2.4%
30 Debt Service ( Line #20 )	\$ 21,192,738	\$ 21,371,000	\$ 178,262	0.8%
31 DEBT SERVICE COVERAGE ( Ln #29 / Ln #30 )	2.94	2.98		
32 ADJUSTMENT TO WATER RATES	2.8%	3.6%		

Percentages may not add due to rounding

## OVERVIEW

### FUND STRUCTURE

For financial statement purposes, all transactions are reported in one enterprise fund. However, because of the designation of funds for different purposes by the WaterOne Board and Bond Covenants, the single enterprise fund is divided into several internal funds.

#### **General Fund:**

All operating income and expenditures are recorded in this fund. Revenue generated from operations is transferred to Master Plan, Transmission and Distribution, and Debt Service. This fund collects the water sales and other operating income and is responsible for the costs of operating, managing and maintaining the water system as well as ongoing capital requirements and debt service.

#### **Master Plan:**

The major sources of funding are:

System Development Charges (SDCs) – SDCs are the primary recurring source of revenue and are a fee paid by new customers when they apply for a new service connection. The revenue is designated by the Board from the General Fund to Master Plan.

Bond Proceeds – WaterOne issues tax exempt revenue bonds for funding of the Master Plan when necessary. Bonds are used to fund the construction of significant expansions and replacements. The use of bonds helps avoid abnormally large water rate increases and improves equity between generations of WaterOne customers.

Transfers from the General Fund (Water Rates) – As part of the regular annual budget funding is planned, designated, and transferred to Master Plan.

Spending includes projects to build new or replace facilities related to water treatment, pumping and storage, as well as new transmission and distribution water mains. These facilities are needed primarily to increase water supply to serve new customers.

#### **Transmission and Distribution:**

Funding is transferred from the General Fund at a designated amount that is part of the annual budget request, and is spent annually on water main, fire hydrant, and service connection relocation, replacement and repair.

#### **Debt Service:**

This fund is required to accumulate and transmit principal and interest as scheduled. The funding is transferred from the General Fund and is included in the annual budget request.

#### **Bond Reserve:**

Revenue bond covenants require that WaterOne maintain a debt service reserve funded by cash or surety policy. The Bond Reserve is currently cash funded.

#### **Rate Stabilization:**

Funding is provided by excess year-end funds when available and not from the approved annual budget. Funds can only be undesignated by the Board.



## Fund Balance Summary by Fund

	General Fund	Master Plan	Transmission & Distribution	Debt Service	Rate Stabilization	Negative Cash Flow	Total
<b>Fund Balance at 12/31/2021</b>	<b>\$ 39,261,339</b>	<b>\$ 75,005,406</b>	<b>\$ 877,206</b>	<b>\$ 817,727</b>	<b>\$ 11,000,000</b>	<b>\$ 8,000,000</b>	<b>\$ 134,961,678</b>
Water Sales	123,827,471	-	-	-	-	-	123,827,471
Other Operating Revenues	1,620,000	-	-	-	-	-	1,620,000
Investment Income	310,000	-	-	-	-	-	310,000
System Development Charges	-	6,500,000	-	-	-	-	6,500,000
Bond Proceeds	-	-	-	-	-	-	-
Transfers from Rate Stabilization Reserve	-	-	-	-	-	-	-
Transfers from General Fund	-	11,497,854	20,690,000	21,371,000	-	-	53,558,854
<b>Total Revenue &amp; Transfers In</b>	<b>\$ 125,757,471</b>	<b>\$ 17,997,854</b>	<b>\$ 20,690,000</b>	<b>\$ 21,371,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 185,816,325</b>
Operations & Maintenance Expense	61,988,617	-	-	-	-	-	61,988,617
Capital Spending	9,450,000	44,661,378	20,690,000	-	-	-	74,801,378
Debt Service Payments	-	-	-	21,371,000	-	-	21,371,000
Transfer to Debt Service	21,371,000	-	-	-	-	-	21,371,000
Transfer to Bond Reserve	-	-	-	-	-	-	-
Transfers to Transmission & Distribution	20,690,000	-	-	-	-	-	20,690,000
Transfers to Master Plan	11,497,854	-	-	-	-	-	11,497,854
<b>Total Expenditures &amp; Transfers Out</b>	<b>\$ 124,997,471</b>	<b>\$ 44,661,378</b>	<b>\$ 20,690,000</b>	<b>\$ 21,371,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 211,719,849</b>
<b>Projected Fund Balance at 12/31/2022</b>	<b>\$ 40,021,339</b>	<b>\$ 48,341,882</b>	<b>\$ 877,206</b>	<b>\$ 817,727</b>	<b>\$ 11,000,000</b>	<b>\$ 8,000,000</b>	<b>\$ 109,058,154</b>
<b>Increase (Decrease) in Fund Balance</b>	<b>\$ 760,000</b>	<b>\$ (26,663,524)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (25,903,524)</b>
<b>Percent Change in Fund Balance</b>	<b>1.9%</b>	<b>-35.5%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-19.2%</b>

### Changes in Fund Balance

General Fund: The increase is minimal and reflective of a balanced budget. The only planned increase is related to the projected increase in the minimum bond covenant reserves.

Master Plan: The decrease in the fund balance is due to cash funding for the SCADA project, Campus Improvements, Wyss Pump Station Redundant Power, Wolcott Membrane Module & Controls Replacement, and Facility 1 improvements.

Transmission and Distribution: There is no change projected in the fund balance. The fund is expected to spend the money provided from the budget.

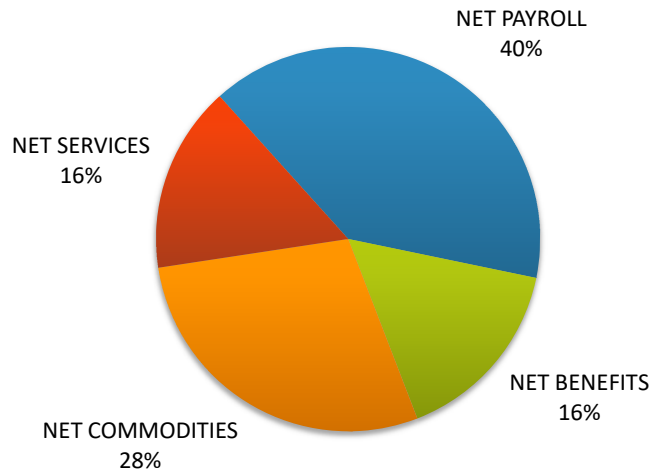
Debt Service: There is normally very little change in the fund balance.

Rate Stabilization: Balance should not change unless there is an authorized expenditure or replenishment from the Board.

Negative Cash Flow: Balance should not change. Cash is used for expenditures in low revenue months and replenished in high revenue months.

**2022 O&M Budget**  
Compared to 2021 Budget

**SIGNIFICANT ACCOUNTS**



This report includes a listing of all Significant Accounts which:

- comprise 5% or more of their category (Payroll, Benefits, Commodities, Services)  
or
- have a change of both \$25,000 and 5% from the prior year budget

	2020 Actual	2021 Budget	2022 Budget	\$ Inc/(Decr)	% Inc/ (Decr)
<b>NET PAYROLL</b>	\$22,904,621	\$23,553,719	\$24,736,828	\$1,183,109	5.0%
<b>NET BENEFITS</b>	10,694,277	9,797,102	9,861,940	64,838	0.7%
<b>NET COMMODITIES</b>	16,477,952	16,937,320	17,651,181	713,860	4.2%
<b>NET SERVICES</b>	7,855,794	8,591,369	9,738,667	1,147,298	13.4%
<b>Total</b>	<b>\$57,932,645</b>	<b>\$58,879,511</b>	<b>\$61,988,617</b>	<b>\$3,109,105</b>	<b>5.3%</b>

(numbers may not add due to rounding)

**2022 Budget Compared to 2021 Budget  
By Category**

**ACCOUNTS - BY CATEGORY**

8/25/2021

	<u>2021</u>	<u>2022</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>PAYROLL</b>				

<b>Labor - Non OT</b>	30,461,517	<b>32,010,983</b>	1,549,466	5.1%
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Labor-Non OT Gross includes projected payroll costs for all authorized WaterOne employees. To project labor, it is assumed that all current authorized positions are filled as of January 1, 2021. Budgeted salaries have a reduction of 1.0% for slippage.

		<u>% Chg from 2021 Budget</u>
2021 Budget Gross Payroll	\$ 30,461,517	
Annual True-Up of 2021 Base	(39,880)	-0.1%
2022 Beginning Base	\$ 30,421,637	
Eliminated Positions	(83,416)	-0.3%
New Authorizations	415,897	1.4%
	\$ 30,754,118	
Equity Adjustment (a)	40,000	0.1%
Performance Compensation	1,216,865	4.0%

<b>Total Projected 2022 Labor Budget</b>	<b>\$ 32,010,983</b>	<b>5.1%</b>
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*Numbers may not add due to rounding.*

(a) A 0.1% equity adjustment is budgeted related to the results of the 2017 Compensation Study.

*Significant Account:  
5% of category OR  
change of \$25k+/- and 5%+/-*

**2021****2022****\$ DIF****% DIF****The significant budget factors are:****1) Annual True-Up of Beginning Base****(\$39,880)**

- A true-up based on the difference in pay for vacated positions, retirements, and reclassifications that are hired or reclassified at a different rate of pay.

**2) Eliminations/New Authorizations/Relcasses****\$332,481**

- A total of 6 new full-time positions and one intern are requested for a total of \$415,897.
- Eliminations of 1 full-time and one summer position total (\$83,416).

**3) Equity Adjustment from 2017 Compensation Study****\$40,000**

- An equity adjustment based on the Compensation Study is budgeted at \$40,000. This adjustment is related to employees that are meeting performance expectations and have remained in the lowest one-third of their salary range.

**4) Performance Compensation Adjustments****\$1,216,865**

- A performance adjustment increase of 4.0% is budgeted.

<b>All Other PAYROLL Accounts</b>	<b>1,204,275</b>	<b>1,249,019</b>	<b>44,744</b>	<b>3.7%</b>
PAYROLL Transfers	(8,112,073)	(8,523,174)	(411,101)	5.1%
<b>Net PAYROLL</b>	<b>23,553,719</b>	<b>24,736,828</b>	<b>1,183,109</b>	<b>5.0%</b>

**BENEFITS****Employee Insurance - Health****4,957,974****5,095,516****137,542****2.8%**

The budgeted components of health insurance includes no premium rate increase, additional personnel and changes to the employee coverage mix.

	<u>2021</u>	<u>2022</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>Total Pension Accounts</b>	3,863,927	<b>3,779,613</b>	(84,314)	(2.2%)

The Total Pension budget is comprised of both Defined Benefit Plans and Defined Contribution Plans, which include plans for employees hired prior to January 1, 2014, and employees hired after that ("new" plans). Over time the budgets for the legacy plans will go down as the budgets for the new plans increase because of employee turnover.

	<u>2022 Budget</u>	<u>% Change from 2021 Budget</u>
<i>Defined Benefit (DB) Plans</i>		
412010 - Pension DB – Final Pay Plan	1,932,712	(15.9%)
412050 - Pension DB – Cash Balance Plan	176,799	181.0%
Total DB Plans	2,109,511	
<i>Defined Contribution (DC) Plans</i>		
412020 - Pension DC – WaterOne	410,280	1.4%
412052 - Pension DC – (New) WaterOne	539,811	14.9%
Total DC - Base	950,091	
412030 - Pension DC – Match	288,837	1.4%
412051 - Pension DC – (New) Match	431,174	25.5%
Total DC - Match	720,011	
<i>Grand Total Pension</i>	<u>3,779,613</u>	(2.2%)

*The Pension Components are:*

### 1) Defined Benefit

<b>Pension DB – Final Pay Plan</b>	2,298,176	<b>1,932,712</b>	(365,464)	(15.9%)
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Adjustments to this account reflect changes in payroll costs, participation rates, and amortized gains and losses to the pension trust. The budget is based on projected payroll and information from the annual actuarial report. The budget is decreasing primarily due to a lower than projected normal cost calculation as a result of the final approved assumption changes from the 2020 experience study. This plan was closed to new participants effective January 1, 2014 (see 'Pension DB – Cash Balance Plan for costs related to employees hired on or after that date).

	<u>2021</u>	<u>2022</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>Pension DB – Cash Balance Plan</b>	62,917	<b>176,799</b>	113,882	181.0%

The Cash Balance Plan is effective for employees hired on or after January 1, 2014. Changes to this account reflect changes in payroll costs, participation rates, and amortized gains and losses to the pension trust. The budget is based on projected payroll and information from the annual actuarial report. The budget is increasing primarily due to a higher than projected normal cost calculation as a result of the final approved assumption changes from the 2020 experience study.

## 2) Defined Contribution - Base

<b>Pension DC – WaterOne</b>	404,646	<b>410,280</b>	5,634	1.4%
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This budget covers WaterOne's contribution to the employees' voluntary Defined Contribution retirement account. Eligible participants receive an amount equal to 2.5% of base pay in the previous calendar year into their account. The budget is based on the eligible full-time employee base salary. This plan is closed to new participants hired January 1, 2014, and after (see 'Pension DC - (New) WaterOne' for costs related to employees hired after that date). The increase is due to the increase in payroll but is offset by reduced participation in the plan.

<b>Pension DC – (New) WaterOne</b>	469,796	<b>539,811</b>	70,015	14.9%
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This budget covers WaterOne's contribution to the employees' voluntary Defined Contribution retirement account for all employees hired on or after January 1, 2014. Eligible participants receive an amount equal to 4% of base pay in the previous calendar year into their account. The budget is based on the eligible full-time employee base salary. The increase is due to increased payroll and increased participation in the plan.

## 3) Defined Contribution - Match

<b>Pension DC – Match</b>	284,871	<b>288,837</b>	3,966	1.4%
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This budget covers WaterOne's matching contribution to the employees' voluntary Defined Contribution retirement account. Eligible participants receive a 50% match on the first 4% of base pay the employee contributes. The budget is based on projected payroll and participation rates of eligible employees. This plan is closed to new participants hired January 1, 2014, and after (see 'Pension DC - (New) Match' for costs related to employees hired after that date). The increase is due to the increase in payroll but is offset by reduced participation in the plan.

	<u>2021</u>	<u>2022</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>Pension DC – (New) Match</b>	343,521	<b>431,174</b>	87,653	25.5%
This budget covers WaterOne’s matching contribution to the employees’ voluntary Defined Contribution retirement account for all employees hired on and after January 1, 2014. Eligible participants receive a 100% match on the first 2% of base pay plus 50% of the next 5% of base pay the employee contributes. The budget is based on the projected payroll and participation rates of eligible full-time employees. The budget increase is due to additional participants entering the plan, payroll increases, and increased contribution rates.				
<b>FICA</b>	2,321,104	<b>2,426,349</b>	105,245	4.5%
The budget increase is due to the higher projected payroll. Increase is partially offset by higher wages not subject to Social Security and higher non-taxable benefits.				
<b>Worker's Compensation</b>	330,170	<b>387,296</b>	57,126	17.3%
Policy premiums are based on experience. The policy renews in July of each year so premiums that are effective beginning in July 2021 will be in effect for the first half of the 2022 budget. A 3% projected rate increase is included in the budget for the second half of 2022. The increase is based on loss ratio and market conditions.				

<b>All Other BENEFITS Accounts</b>	1,282,570	<b>1,290,294</b>	7,724	0.6%
BENEFITS Transfers	(2,958,643)	(3,117,128)	(158,485)	5.4%
<b>Net BENEFITS</b>	9,797,102	<b>9,861,940</b>	64,838	0.7%

Significant Account:  
5% of category OR  
change of \$25k+/- and 5%+/-

	<u>2021</u>	<u>2022</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>COMMODITIES</b>				
<b>Total Power (next 4 accounts)</b>	9,859,527	<b>9,886,067</b>	26,540	0.3%
<i>Power costs used for the treatment and distribution of water are shown in the next 4 accounts:</i>				
<b>Power - Transmission</b>	5,382,412	<b>5,362,628</b>	(19,784)	(0.4%)
This budget is for power from the Board of Public Utilities (BPU) for transmission of water to the distribution system. The budget for this account is based on an operational plan by month for the two treatment facilities. The budget is decreasing primarily due to a decrease in the energy rate component and credits for additional solar panel subscriptions. No BPU rate increase is budgeted for 2022.				
<b>Power - Source</b>	2,284,558	<b>2,437,705</b>	153,147	6.7%
This budget is for power from the Board of Public Utilities (BPU) at source or intake facilities. The budget for this account is based on an operational plan by month for the four sources. The budget is increasing due to increased production at the Missouri River Intake facility while other facilities are out of service for capital improvement projects. The increase was partially offset by a reduction in the energy rate component. No BPU rate increase is budgeted for 2022.				
<b>Power - Distribution</b>	1,796,767	<b>1,733,762</b>	(63,005)	(3.5%)
This budget is for power from Evergy at the pump stations throughout the distribution system. The budget for this account is based on an analysis of the historical trends for power use at each of the large pump stations. The budget decrease is due to decommissioning a pump station at 143rd street in addition to increased pump efficiencies as pumps are replaced and refurbished. There is no rate increase projected for Evergy in 2022.				
<b>Generator Natural Gas – Wolcott</b>	395,790	<b>351,972</b>	(43,818)	(11.1%)
This budget is for natural gas to produce a portion of the energy needed at the Wolcott Treatment Plant in lieu of purchased electricity. The budget decrease is due to lower historical rates.				
<b>Chemicals - Water Treatment</b>	4,788,906	<b>5,233,454</b>	444,548	9.3%
Various chemicals are used to make clean, safe, potable water. The budget for this account is based on an operational plan by month for the Kansas and Missouri intakes and the Hansen and Wolcott treatment facilities. The plan is based on projected water produced, price of chemicals, and the dose of chemical required. The budget is increasing primarily due to significant increases in prices, as well as adjustments to the doses required to more closely match current operations.				

Significant Account:  
5% of category OR  
change of \$25k+/- and 5%+/-



	<u>2021</u>	<u>2022</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>Material &amp; Supplies</b>	1,377,295	<b>1,427,245</b>	49,950	3.6%
Material and supplies are non-inventory items that are necessary to operate and maintain WaterOne facilities. This account is included because it makes up more than 5% of the 'Commodities' category.				
<b>Inventory Withdrawals</b>	666,804	<b>849,847</b>	183,043	27.5%
This budget covers stock material, parts, and commodities, including fuel for the fleet, used from inventory. Fuel makes up the majority of this budget. The budgeted price per gallon for fuel increased from \$1.48 in 2021 to \$2.27 for 2022.				
<b>All Other COMMODITIES Accounts</b>	1,147,976	<b>1,168,911</b>	20,935	1.8%
COMMODITIES Transfers	(903,188)	(914,343)	(11,156)	1.2%
<b>Net COMMODITIES</b>	16,937,320	<b>17,651,181</b>	713,860	4.2%

## SERVICES

<b>PC Software License &amp; Maintenance</b>	1,700,568	<b>2,390,365</b>	689,797	40.6%
This account covers WaterOne's software licenses and maintenance on that software. The budget increase is primarily due to a pricing increase with Microsoft and an increase in the annual maintenance contract for the SCADA system. There are also increases due to an increased cost of cloud-based data storage and utilizing services for a cloud data center.				
<b>Property &amp; Liability Insurance</b>	752,296	<b>960,296</b>	208,000	27.6%
The budget includes insurance premiums for General Liability, Property, Pollution, Umbrella, Crime, Licenses & Bonds, Fiduciary Insurance, Auto Liability, and broker fees. The Property & Liability insurance policy renews in July of each year so premiums that are effective beginning in July 2021 will be in effect for the first half of the 2022 budget. The budget includes 3% projected premium increases for the second half of 2022. The increase is based on loss ratio and market conditions.				
<b>Contracted Services</b>	668,449	<b>864,572</b>	196,123	29.3%
These are services that are not cost-effective to complete in-house. This account varies from year-to-year based on need. The increase is primarily due to consulting services for Information Security, increased outsourced IT development and network services.				

Significant Account:  
5% of category OR  
change of \$25k+/- and 5%+/-

	<u>2021</u>	<u>2022</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>Clean Drinking Water Fee</b>	585,015	<b>593,675</b>	8,660	1.5%
<p>The clean drinking water fee is assessed by the State of Kansas at three cents per thousand gallons sold. The fee was put in place in lieu of sales tax in 2002. Approximately 50% of the fee is transferred to capital expenditures through an overhead. The budget is based on the projected number of retail gallons sold in a normal year. This account is included here because it makes up more than 5% of the 'Services' category.</p>				
<b>Telecom</b>	451,680	<b>562,480</b>	110,800	24.5%
<p>This account is for the data communication lines needed for the phone system and networks utilized at the treatment plants, administrative offices, and other locations including pump stations, pressure reducing valve (PRV) vaults, and telemetry locations throughout the service area. The budget increase is due to the addition of sites such as the new water towers and the SCADA network design requirements.</p>				
<b>AMI Services</b>	537,432	<b>537,432</b>	-	0.0%
<p>The 2022 budget for Advanced Metering Infrastructure (AMI) includes all fees related to the network, software, data management, and customer portal for the year. This budget is included because it makes up more that 5% of the 'Services' Category.</p>				
<b>Training</b>	397,800	<b>423,000</b>	25,200	6.3%
<p>WaterOne approves training on a case-by-case basis on the potential merit of the training. It bases its training budgets primarily on historical trends. There is an increase in the 2022 budget based on trends. 2020 data was excluded from historical trends due to travel and in-person restrictions. Training is 1.3% of payroll.</p>				
<b>Maintenance Services</b>	289,731	<b>315,386</b>	25,655	8.9%
<p>This budget is for contracted maintenance services. This budget is increasing primarily due to maintenance contract increases for laboratory equipment, online analyzers, and the Wolcott generators.</p>				

Significant Account:  
5% of category OR  
change of \$25k+/- and 5%+/-

	<u>2021</u>	<u>2022</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>Cleaning &amp; Inspecting Facilities</b>	210,536	<b>312,243</b>	101,707	48.3%
This budget is for the amortization of cleaning and inspection contracts for facilities such as storage tanks, basins, horizontal collector wells, and reservoirs. The budget increase is due to planned cleaning and inspecting of the Wolcott Collector Well.				
<b>Telecom - Cell Phones</b>	231,598	<b>276,890</b>	45,292	19.6%
This budget is increasing primarily due to the shift of more employees into the higher use cell phone plan tiers.				
<b>Dues &amp; Local Meetings</b>	144,506	<b>184,318</b>	39,812	27.6%
This budget includes professional memberships and associated meeting costs as well as internal meetings for engagement and development. The increase in 2022 is due primarily to an increased emphasis on engagement activities. Other increases include membership fees increases.				
<b>Uncollectible Accounts</b>	179,854	<b>123,950</b>	(55,904)	(31.1%)
This is the estimated cost for uncollected water bills. Unpaid final bills are referred to an outside agency for collection, considered uncollectible, and written off. Due to rising unemployment rates and negative economic projections, this percentage was raised in 2021, but it is returning to 0.10% of total water sales revenue for 2022.				
<b>Engineering</b>	105,000	<b>75,000</b>	(30,000)	(28.6%)
This budget is for general engineering services. The 2022 budget is decreasing due to a decrease in required hydraulic modeling.				
<b>Non-Employee Overload</b>	133,232	<b>63,232</b>	(70,000)	(52.5%)
The budget decreased due to the elimination of temporary Service Desk support; a new position is requested in 2022 to cover this requirement.				

Significant Account:  
5% of category OR  
change of \$25k+/- and 5%+/-

8/25/2021

	<u>2021</u>	<u>2022</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>Clean Up</b>	98,000	<b>25,500</b>	(72,500)	(74.0%)

This budget is primarily for clean up of construction maintenance jobs. The budget decrease is due to the Clean Up budget transferring to Cleaning & Inspecting Facilities budget in Production to more closely match work performed.

<b>All Other SERVICES Accounts</b>	2,773,152	<b>2,715,083</b>	(58,069)	(2.1%)
SERVICES Transfers	(667,480)	(684,754)	(17,275)	2.6%
<b>Net SERVICES</b>	8,591,369	<b>9,738,667</b>	1,147,298	13.4%
<b>GRAND TOTAL</b>	58,879,511	<b>61,988,617</b>	3,109,105	5.3%

Numbers may not add due to rounding

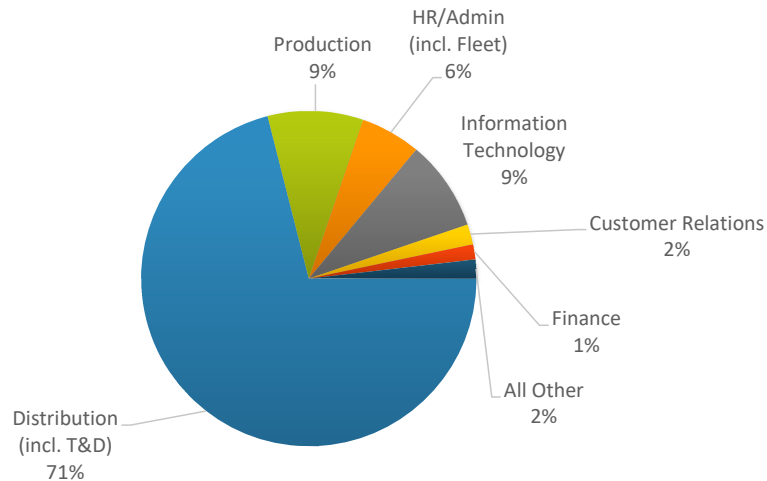
H:\Finance\FINSHARE\1BUDGET\2022 Budget\O&M\Roll Up\[District Level O\_M Comparison-22B.xlsx]By Category-SIGNIF

Significant Account:  
5% of category OR  
change of \$25k+/- and 5%+/-

**TOTAL ANNUAL CAPITAL BUDGET BY DIVISION**  
Comparison of 2021 & 2022

Division	2021 Adopted Budget	2022 Adopted Budget	Dif \$	Dif %	% of Total Capital Requests	
					2021	2022
Distribution (incl. T&D)	\$ 19,377,678	\$ 21,404,097	\$ 2,026,419	10.5%	70.2%	71.0%
Production	3,838,227	2,786,537	(1,051,690)	(27.4%)	13.9%	9.2%
Human Resources / Admin. (incl. Fleet)	1,846,724	1,746,206	(100,518)	(5.4%)	6.7%	5.8%
Information Technology	1,136,149	2,624,566	1,488,417	131.0%	4.1%	8.7%
Customer Relations	865,815	591,481	(274,334)	(31.7%)	3.1%	2.0%
Finance	-	434,916	434,916	-	0.0%	1.4%
Omissions and Contingencies	535,407	552,197	16,790	3.1%	1.9%	1.8%
<b>Total Annual Capital</b>	<b>\$ 27,600,000</b>	<b>\$ 30,140,000</b>	<b>\$ 2,540,000</b>	<b>9.2%</b>	<b>100%</b>	<b>100%</b>

**2022 ANNUAL CAPITAL**



**Transmission & Distribution (T&D)** -included in *Distribution Division* above

	2021	2022	\$ Incr/(Decr)	% Incr/(Decr)
Distribution Main Replacements	\$ 9,540,000	\$ 10,680,000	\$ 1,140,000	11.9%
Distribution Main Breaks	4,485,000	4,720,000	235,000	5.2%
General Improvements	2,500,000	2,700,000	200,000	8.0%
Distribution Main Relocations	1,400,000	1,345,000	(55,000)	(3.9%)
Transmission Main Capital	700,000	670,000	(30,000)	-4.3%
Condition Assessment	520,000	575,000	55,000	10.6%
<b>Subtotal T&amp;D Funding</b>	<b>\$ 19,145,000</b>	<b>\$ 20,690,000</b>	<b>\$ 1,545,000</b>	<b>8.1%</b>

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## STRATEGIC PLANNING AND PERFORMANCE MEASURES

The Strategic Plan (Plan) at WaterOne serves as the map to provide direction for future utility initiatives. It defines the mission, vision, values, and identifies eight strategic goals and their related strategies.

Each year WaterOne's Board reviews, reaffirms, and develops strategic goals which support WaterOne's vision. In the first quarter of each year a strategic board retreat is organized. During the retreat the General Manager, Directors and Board Members discuss current strategic goals and review any new objectives for the coming year and future year.

### Definitions

Strategic planning uses a variety of terms to describe the different components of the Plan. The following definitions are provided to clarify WaterOne's interpretation of those terms.

**Vision:** The aspirations of the utility for the future; what motivates strategic change.

**Mission:** The reason the utility is in business; its purpose in the community.

**Values:** The principles that govern how business is conducted and the actions of individuals.

**Strategic Goals:** Broad based goals that focus on the utility's future and ability to reach the vision.

**Strategies:** Broad based ideas that provide general direction to achieve the strategic goals.

## Strategic Plan

### **Vision Statement**

WaterOne...Setting the standard for utility excellence.

### **Mission Statement**

To provide a safe, reliable, and high-quality water supply with exceptional service and value.

### **Values**

Quality | Integrity | Safety | Accountability | Respect

### **Goals and Strategies**

#### Goal 1: Ensure a safe, reliable, high quality water supply

- Produce and distribute water to the customer that meets or exceeds all state and federal regulations.
- Meet or exceed Board-established water quality goals and customer expectations.
- Continue long-range water resource and infrastructure master planning to reliably serve current and future customer demands.
- Monitor and participate in activities that protect water resources.

#### Goal 2: Provide excellent customer service

- Continuously improve customer service.
- Periodically evaluate customer perceptions and satisfaction.
- Expand online service to meet customer expectations.
- Provide education and outreach through the use of innovative communication tools and social media.
- Maintain effective relationships with public agencies.
- Cultivate a strong customer-oriented mindset among all employees.
- Provide timely emergency alerts to customers using mass notification system.

#### Goal 3: Be an employer of choice

- Attract and retain a high-quality, diverse, and engaged workforce.
- Provide a competitive total compensation package.
- Train, develop, mentor, and plan for succession of employee talent.
- Foster an equitable and inclusive culture so employees have opportunity to thrive.
- Promote open employee communication.

#### Goal 4: Ensure financial stability and predictable rates

- Develop effective annual budgets and long-range plans.
- Establish rates that are fair and equitable.
- Continuously monitor revenue and manage expenditures versus budget.
- Regularly and effectively communicate financial plans and results to stakeholders.
- Pursue opportunities for additional revenue that would be beneficial to our ratepayers.



Strategic Plan

Goal 5: Continuously improve business processes

- Meet or exceed established key performance indicators.
- Leverage the use of technology resources and assets.
- Ensure that institutional knowledge is documented, retained and improved over time.
- Utilize effective project management concepts, including broad communication of lessons learned.
- Maintain transparency and appropriate governance practices in all business processes.

Goal 6: Proactively manage infrastructure

- Monitor condition of water supply and distribution assets.
- Meet or exceed established service levels.
- Prioritize asset replacement using lowest lifecycle cost.
- Communicate results to stakeholders.

Goal 7: Be good stewards of the environment

- Promote efficient water use by fostering an educated, aware and engaged community.
- Develop alternative methods of performing activities to minimize environmental impact.
- Use sustainable materials and processes by balancing societal, financial and environmental impacts.
- Develop efficient, cost effective programs to reduce, recycle and reuse consumables.
- Conduct business operations in compliance with applicable environmental regulations.

Goal 8: Promote a safe work environment and establish a security conscious culture

- Maintain a safe workplace that maximizes employee safety.
- Safeguard facilities, electronic assets, and intellectual property by proactively identifying and addressing vulnerabilities.
- Ensure business continuity by maintaining redundant and resilient facilities and critical staffing capabilities.
- Continue to update and test emergency response plans to support the ability to respond to and recover from any incident.
- Promote employee awareness and security and safety issues.

## Strategic Plan

## 2022 Operational Goals and how they relate to the Strategic Goals

2022 Operational Goals By Division		Strategic Goals							
		Quality Water 1	Customer Service 2	Employer of Choice 3	Financial Stability 4	Process Improvement 5	Asset Management 6	Environmental Stewardship 7	Safety & Security 8
Strategic Goal:									
<b>Production</b>									
1	Design and construction of campus improvement project			X		X	X		X
2	Facility 1 improvements at Hansen Treatment Plant	X				X	X		
3	Lead and Copper Rule Revisions (LCRR)	X	X		X				
4	Master Plan water supply, transmission and distribution study	X	X		X		X		
5	Missouri River Collector Well No. 2 design and construction	X				X	X		
6	Execute SCADA master plan	X				X	X		X
7	Design and construction of redundant power at Wyss Pump Station					X	X		
8	Replace membranes at Wolcott Treatment Plant	X				X	X		
9	Begin hydro power generation facility design engineering				X	X		X	
<b>Distribution</b>									
1	Master Plan water supply, transmission and distribution study	X	X		X		X		

2022 Operational Goals By Division		Strategic Goals							
		Quality Water 1	Customer Service 2	Employer of Choice 3	Financial Stability 4	Process Improvement 5	Asset Management 6	Environmental Stewardship 7	Safety & Security 8
Strategic Goal:									
2	Application development and deployment for field work	X	X			X	X		
3	Reclamation of north 90-acre property				X	X	X	X	
4	30" transmission main replacement, Quivira road						X		
5	Phase II Woodson 30" transmission main replacement						X		
6	Transmission main condition assessments	X	X		X		X		
7	Develop and implement foreman competency program		X	X		X			
Customer Relations									
1	Advance Meter Infrastructure – Smart Utility Network	X			X	X		X	
2	HR Communication Transition		X	X		X			
3	Replace customer payment platform		X			X	X		
4	Upgrade WaterOne website		X	X	X	X	X	X	
Finance									
1	Request and evaluate proposals for cost of service consultant				X	X			

## Strategic Plan

2022 Operational Goals By Division		Strategic Goals							
		Quality Water	Customer Service	Employer of Choice	Financial Stability	Process Improvement	Asset Management	Environmental Stewardship	Safety & Security
Strategic Goal:		1	2	3	4	5	6	7	8
2	ERP Evaluation and Replacement		X	X	X	X	X		
3	Business Continuity Plan				X				
4	Improve Fleet Procure to Pay Process					X			
Human Resources									
1	Compensation Study			X					
2	Human Resources Information System improvements		X	X		X			
3	Vulnerability assessment policy development					X			X
4	Employee Engagement Survey Action Plan		X	X		X			
5	Develop and implement foreman competency program		X	X		X			
6	Develop Diversity Equity and Inclusion (DEI) Roadmap			X		X			
7	HR Communication Transition		X	X		X			
Legal/Audit									
1	Implementation of records information management initiative					X			

## Strategic Plan

2022 Operational Goals By Division		Strategic Goals							
		Quality Water 1	Customer Service 2	Employer of Choice 3	Financial Stability 4	Process Improvement 5	Asset Management 6	Environmental Stewardship 7	Safety & Security 8
Strategic Goal:									
2	Enhance contract review process					X			
3	Update construction contract forms and complete training					X			
Information Technology									
1	Execute SCADA master plan	X				X	X		X
2	Board Room technology upgrades			X		X	X		
3	Implementation of records information management initiative					X			
4	ERP Evaluation and Replacement		X	X	X	X	X		
5	Application development and deployment for field work	X	X			X	X		
6	Implement Utility Network		X	X		X			
7	Complete scheduled software and hardware upgrades					X			

## Performance Measures

The performance measures on the following pages are WaterOne's system for objectively measuring the progress of accomplishing the strategic goals.

# WATERONE KPIs and STRATEGIC GOALS

*Mission: To provide a safe, reliable, high-quality water supply with exceptional service and value.*

		December 2021 Rating	Page	GOAL 1: Safe, reliable, high quality	GOAL 2: Excellent customer service	GOAL 3: Employer of choice	GOAL 4: Financial stability	GOAL 5: Improve processes	GOAL 6: Proactively manage infrastructure	GOAL 7: Environmental stewardship
Key Performance Indicators	1. Drinking Water Standards	G ↔	7	●						●
	2. Water Quality Goals	G ↔	7	●						●
	3. Distribution System Renewal Rate	B ↑	9	●			●		●	●
	4. Non-revenue water (Infrastructure Leakage Index)	B ↓	9	●					●	●
	5. Water Distribution System Integrity	B ↑	10	●					●	●
	6. Annual Water Outage Time per Customer	B ↑	11	●	●				●	
	7. Water Outage Time - Percent of Customers	O ↑	11	●	●				●	
	8. Sufficient Production Max Day Capacity	G ↓	11	●					●	
	9. Minimum Pressure Goals	B ↔	12	●	●				●	
	10. Maximum Pressure Goals	B ↔	12	●	●				●	
	11. Facilities Maintenance "Planned" Hours	B ↑	13	●				●	●	
	12. Facilities Maint Emergency Work Hours	B ↑	13	●				●	●	
	13. Customer Satisfaction Rating	G ↑	14		●					
	14. Water Quality Complaints	B ↓	14	●	●					
	15. Billing Accuracy	B ↑	14		●		●			

## WATERONE KPIs and STRATEGIC GOALS

*Mission: To provide a safe, reliable, high-quality water supply with exceptional service and value.*

		December 2021 Rating	Page	GOAL 1: Safe, reliable, high quality	GOAL 2: Excellent customer service	GOAL 3: Employer of choice	GOAL 4: Financial stability	GOAL 5: Improve processes	GOAL 6: Proactively manage infrastructure	GOAL 7: Environmental stewardship	GOAL 8: Safety and security
Key Performance Indicators	16. Residential Cost of Water	G ↔	15		●		●				
	17. Affordability Ratio	G ↓	15		●		●				
	18. Customers Served Per Employee	G ↑	15		●		●				
	19. O&M Cost Per Million Gallons Produced	G ↓	16				●				
	20. O&M Cost Per Customer Accounts	G ↓	16				●				
	21. Actual vs. Budgeted Water Sales Revenue	G ↑	17				●				
	22. Actual vs. Budgeted Operating Costs	G ↓	17				●		●		
	23. Debt Service Coverage Ratio	B ↓	17				●				
	24. Active Customer Accounts vs. Projected	B ↑	18				●		●		
	25. Employee Turnover	G ↔	18			●					
	26. Employee Health and Safety Severity Rate	G ↑	19			●					●
	27. Miles Per Gallon - Light Duty Vehicles	G ↑	19							●	
	28. Total Fuel Gallons Used	G ↑	19							●	
	29. Renewable Energy Ratio	G ↑	19							●	

**BLUE** Favorable variance is **greater than 2%** from target.

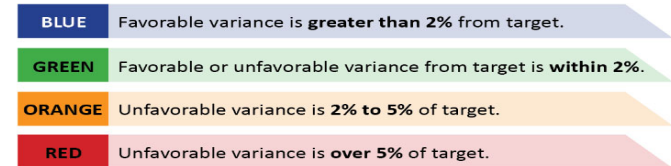
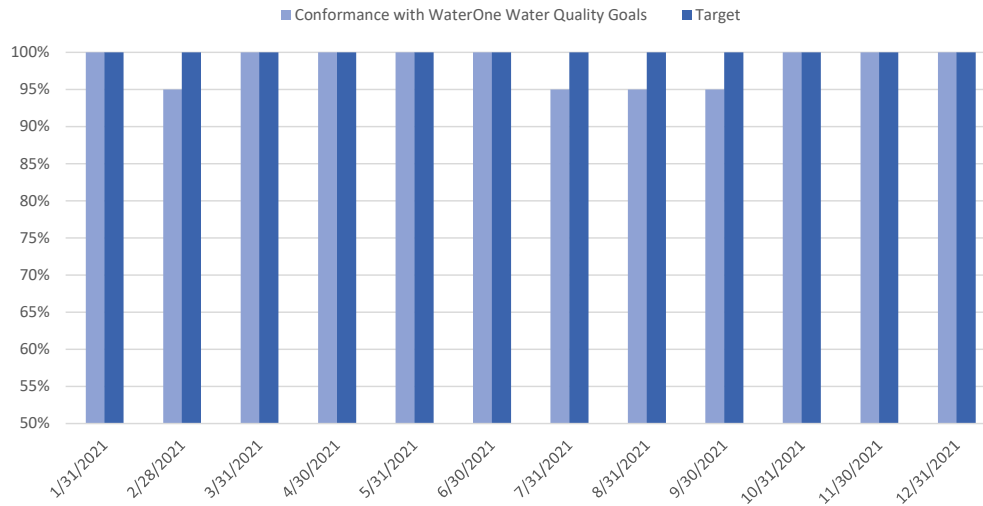
**ORANGE** Unfavorable variance is **2% to 5%** of target.

**GREEN** Favorable or unfavorable variance from target is **within 2%**.

**RED** Unfavorable variance is **over 5%** of target.

# KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2021 Target As Of Dec 31	2021 Actual	Variance (- % indicates not meeting goal)	Current Month Target	Current Month Actual	Performance Rating
	Reported Monthly						
PRD	<b>1. Conformance with Drinking Water Internal Standards, Regulations, Monitoring, MCL/TT</b> Percentage of parameter samples that comply with Safe Drinking Water Act Standards. (Monthly) (S.G. 1,7)	100.0%	100.0%	0.00%	100.0%	100.0%	G ↔
PRD	<b>2. Conformance with WaterOne Water Quality Goals</b> Percentage of parameter-samples that comply with WaterOne Established drinking water standards. (Monthly) (S.G. 1, 7)	100.0%	100.0%	0.00%	100.0%	100.0%	G ↔





# WATER QUALITY KPI's

Process	Parameter	December 2021 Range	Performance Rating	Target Range	Frequency	Comments
Influent	Odor (MIB & Geosmin)	0 - 0.8	●	< 10 ng/l	Weekly	
Membrane Combined Effluent	Turbidity	100.0%	●	96% < 0.2 ntu	5 Minute	
Filter (Start Up)	Turbidity	100.0%	●	99% < 0.8 ntu	15 Minute	
Filter (After Seat In)	Turbidity	100.0%	●	99% < 0.3 ntu	15 Minute	
Tap	Turbidity	100.0%	●	96% < 0.2 ntu	5 Minute	
Tap	Calcium Hardness	99.0%	●	90% > 60 mg/L	Daily	
Tap	Total Hardness	126 - 131	●	100 - 145 mg/L	Running Annual Average	
Tap	Total Alkalinity	100.0%	●	90% > 45 mg/L	Daily Avg	
Tap	pH	95.0%	●	90 % Between 9.3 - 9.7	Daily Avg	
Tap	Total Chlorine	91.0%	●	90% Between 2.5 - 3.8 mg/L	Daily Avg	
Tap	Bromate	100.0%	●	100% < 0.006 mg/L	Monthly	
Tap	Odor (MIB & Geosmin)	0 - 2.4	●	< 5 ng/l	Weekly	
Tap	Total Coliforms	100.0%	●	100% Negative	Weekly	
Tap	E. Coliforms	0.0%	●	0 positive	Weekly	
Tap	Fluoride	95.0%	●	90% Between 0.5 - 0.8 mg/L	Daily Avg	
Distribution	Total Chlorine	98.0%	●	90% Between 2.25 - 3.8 mg/L	Daily	
Distribution	Total Coliforms	100.0%	●	98% Negative	>200/Month	
Distribution	E. Coliforms	0.0%	●	0 positive	>200/Month	
Distribution	pH	99.0%	●	90% Between 9.3 - 9.7	Daily	
Distribution	Lead	100.0%	●	95% < 0.01 mg/L	Annual Percentile	

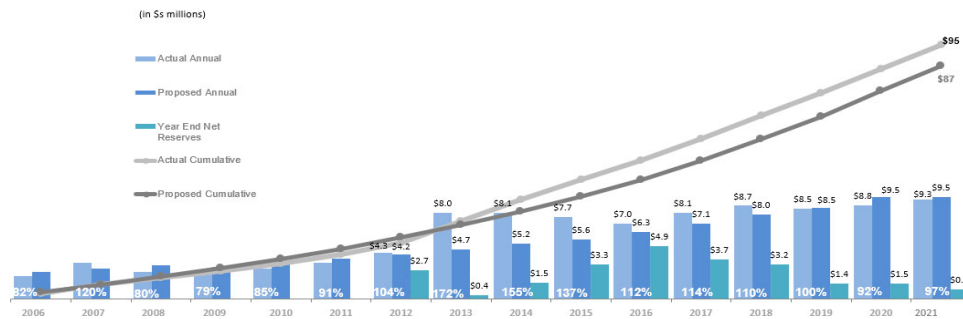
- GREEN: All Parameters Meet Goals
- YELLOW: 1 to 3 Parameters do not meet goals
- RED: 4 or more Parameters do not meet goals



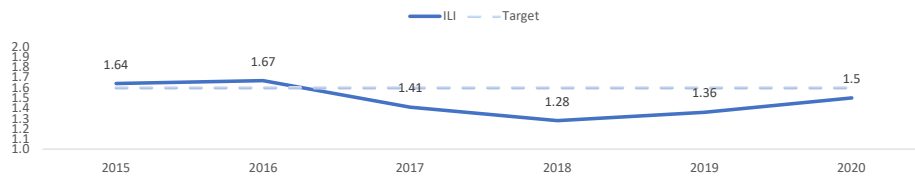
# KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2018 Final	2019 Final	2020 Final	2020 Target	2021 Final	2021 Target	2021 Performance Rating
	Reported Annually							
DST	<b>3. System Renewal Rate</b> Rate at which infrastructure is being renewed or replaced as compared to projected replacement needs. (S.G. 1, 4, 6, 7)	110.0%	100.0%	92.0%	90.0%	97.0%	90.0%	B ↑
DST	<b>4. Non-revenue water (Infrastructure Leak Index)</b> Ratio of actual losses to expected losses. The ILI is an effective KPI for comparing utilities' operational management of real water losses. (S.G. 6, 7)	1.41	1.28	1.36	1.60	1.50	1.60	B ↓

Piping Replacement - Proposed vs. Actual



Non-Revenue Water as Measured by the Infrastructure Leakage Index (ILI) Water Year (March-February)

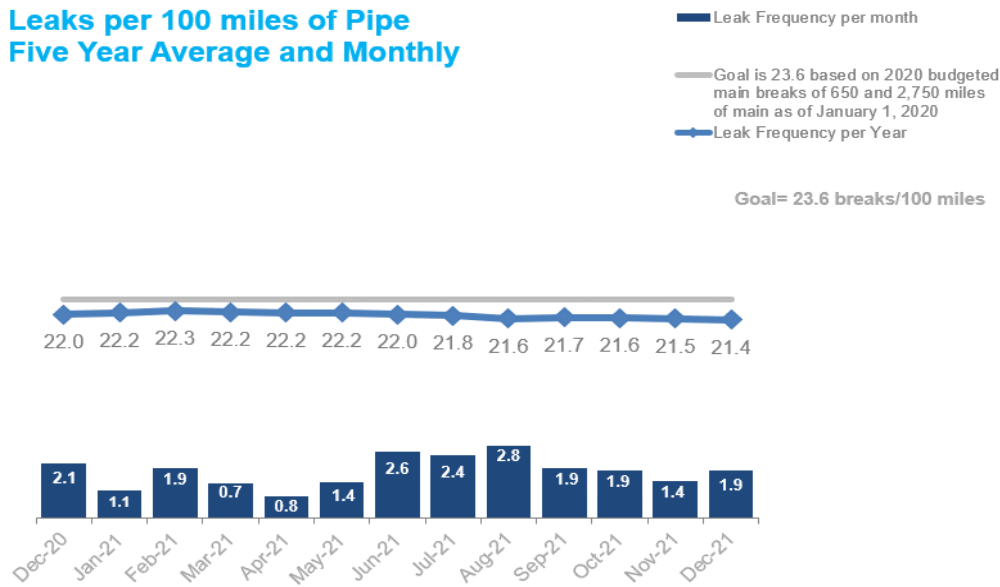


BLUE	Favorable variance is <b>greater than 2%</b> from target.
GREEN	Favorable or unfavorable variance from target is <b>within 2%</b> .
ORANGE	Unfavorable variance is <b>2% to 5%</b> of target.
RED	Unfavorable variance is <b>over 5%</b> of target.

# KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2021 Target As Of Dec 31	2021 Actual	Variance (- % indicates not meeting goal)	Current Month Target	Current Month Actual	Performance Rating
	Reported Monthly						
DST	<b>5. Water Distribution System Integrity</b> Quantification of the condition of the water distribution system by considering the number of main breaks and leaks per 100 miles of pipeline. (5 yr rolling) (S.G. 1, 6, 7)	23.6	21.4	-9.32%	2.0	1.9	B <span style="color: blue;">↑</span>

## Leaks per 100 miles of Pipe Five Year Average and Monthly



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## KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2018 Final	2019 Final	2020 Final	2020 Target	2021 Final	2021 Target	2021 Performance Rating
	Reported Annually							
DST	<b>6. Number of Minutes of Water Outage per Total System Customers</b> Total annual minutes of service outage divided by the annual weighted average of number of customers will not exceed 20 minutes. (S.G. ,1 2, 6)	14	11	12	20	10.73	20	B ↑
DST	<b>7. Of the customers that experienced a water outage for the year, the percent of affected customers that were out of service &gt; 12 hours.</b> (S.G. 1, 2, 6)	0.5%	0.3%	1.9%	0.0%	0.90	0.0%	O ↑
PRD	<b>8. Production Facilities' Capacity of Available Max Day Gallons per Customer.</b> (S.G. 1, 6)	1,023	1,015	1,009	920	1,000	920	G ↓



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# KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2021 Target As Of Dec 31	2021 Actual	Variance (- % indicates not meeting goal)	Current Month Target	Current Month Actual	Performance Rating
	Reported Monthly						
PRD	<b>9. Conformance with WaterOne Minimum Pressure Goals</b> Percentage of time a minimum pressure of 40 psi was supplied to 95% of the service territory. (Monthly) (S.G. 1, 2, 6)	95.0%	100.0%	5.26%	95.0%	100.0%	B ↔
PRD	<b>10. Conformance with WaterOne Maximum Pressure Goals</b> Percentage of time a maximum pressure of 135 psi was supplied to 75% of the service territory. (Monthly) (S.G. 1, 2, 6)	95.0%	100.0%	5.26%	95.0%	100.0%	B ↔



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# KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2021 Target As Of Dec 31	2021 Actual	Variance (- % indicates not meeting goal)	Current Month Target	Current Month Actual	Performance Rating	
	Reported Monthly							
PRD	11. Facilities Maintenance - % of "Planned" Man-hours (Monthly) (S.G. 5, 6)	85.0%	94.6%	11.26%	85.0%	94.6%	B	↑
PRD	12. Facilities Maintenance - % Man-hours on Emergency Workorders (Monthly) (S.G. 5, 6)	5.0%	0.1%	-98.38%	5.0%	0.1%	B	↑



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# KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2021 Target As Of Dec 31	2021 Actual	Variance (- % indicates not meeting goal)	Current Month Target	Current Month Actual	Performance Rating
	Reported Monthly/Quarterly						
CCR	<b>13. Composite Customer Satisfaction Performance Rating</b> Based upon an index of various customer service and water service components common to utilities. (Quarterly) (S.G. 2)	80.0%	80.7%	0.88%	No target established	No target established	G ↑
CCR	<b>14. Technical Water Quality Complaints/1,000 Accounts</b> Express of complaints related to core utility service, T&O, Turbidity, Pressure, etc. (YTD) (S.G. 1, 2)	8.0	4.7	-41.25%	0.7	0.4	B ↓
CCR	<b>15. Billing Accuracy</b> Expression of error-driven billing adjustments per 10,000 bills. (12 MTD) (S.G. 2, 4)	7.2	2.2	-69.44%	7.2	3.1	B ↑

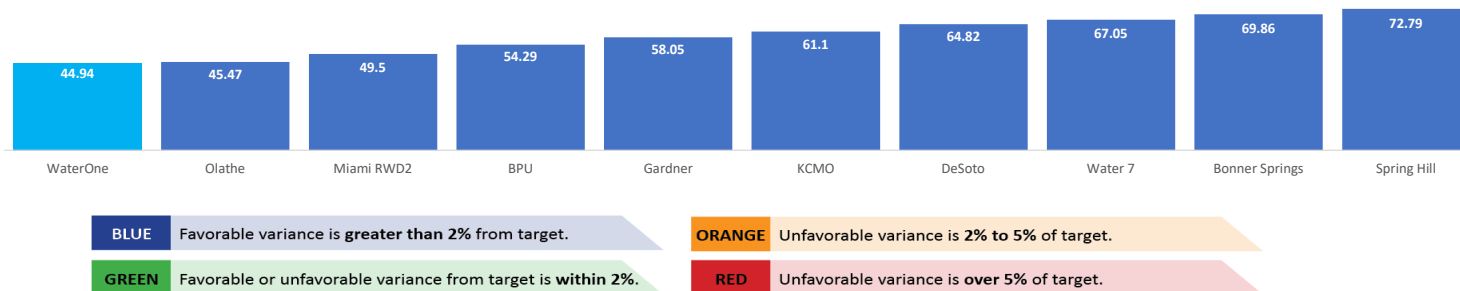


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## KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2018 Final	2019 Final	2020 Final	2020 Target	2021 Final	2021 Target	2021 Performance Rating
	Reported Annually							
FIN	<b>16. Residential Cost of Water</b> Comparison of residential cost of water service based on both a defined quantity of water use and the average residential bill amounts for these services. (see note below) (S.G. 2, 4)	\$ 44.17	\$ 44.97	\$ 45.59	\$ 45.59	\$ 44.94	\$ 44.94	G ↔
FIN	<b>17. Affordability Ratio</b> The cost of low water usage for a low income resident divided by income after basic needs (housing, food, taxes, healthcare). Target income is 20th percentile. (S.G. 2, 4)	Not available	3.4%	3.5%	No target	3.7%	No target	G ↓
HR	<b>18. Customers Served per Employee</b> Number of customer accounts that were billed for some or all of the reporting period divided by the number of full-time equivalent employees. (S.G. 2, 4)	445	427	437	No target established	447	No target established	G ↑

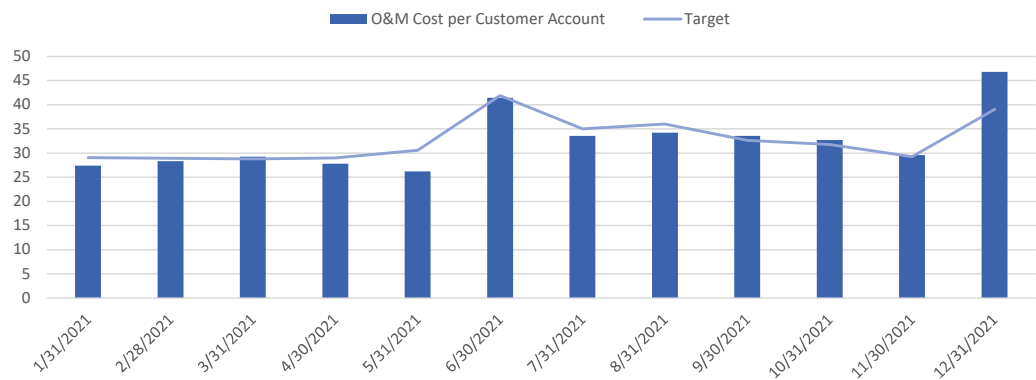
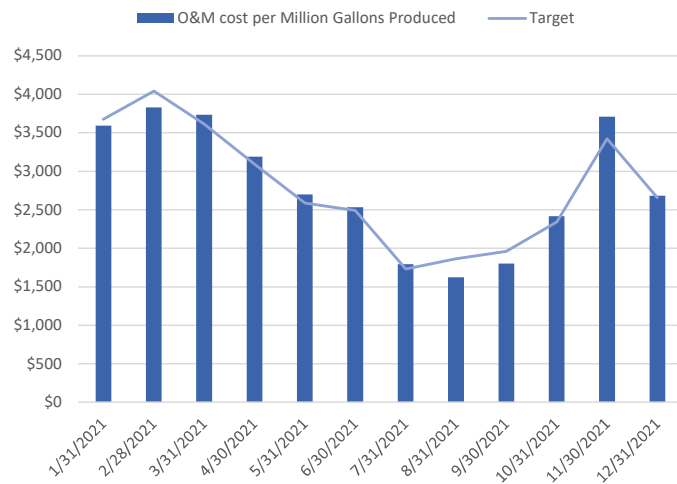
Average Monthly Water Bill for Typical Customers at 7,000 Gal.  
WaterOne Vs. Neighboring Utilities





# KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2021 Target As Of Dec 31	2021 Actual	Variance (- % indicates not meeting goal)	Current Month Target	Current Month Actual	Performance Rating
	Reported Monthly						
FIN	19. O&M Cost per Million Gallons Produced (YTD) (S.G. 4)	\$ 2,657	\$ 2,683	0.99%	\$ 4,832	\$ 5,784	G ↓
FIN	20. O&M Cost per Customer Account O&M costs divided by number of customer accounts that were billed during the reporting period. (YTD) (S.G. 4)	\$ 390	\$ 389	-0.37%	\$ 39	\$ 47	G ↓



**BLUE** Favorable variance is greater than 2% from target.

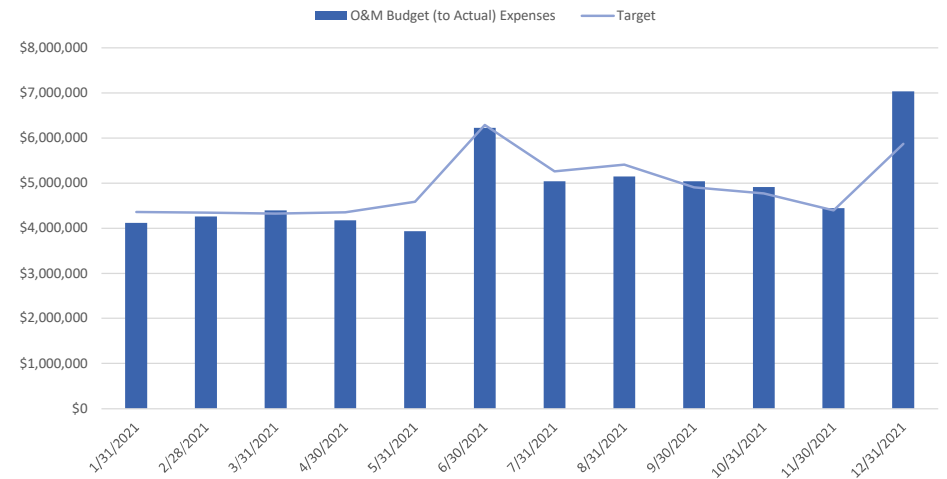
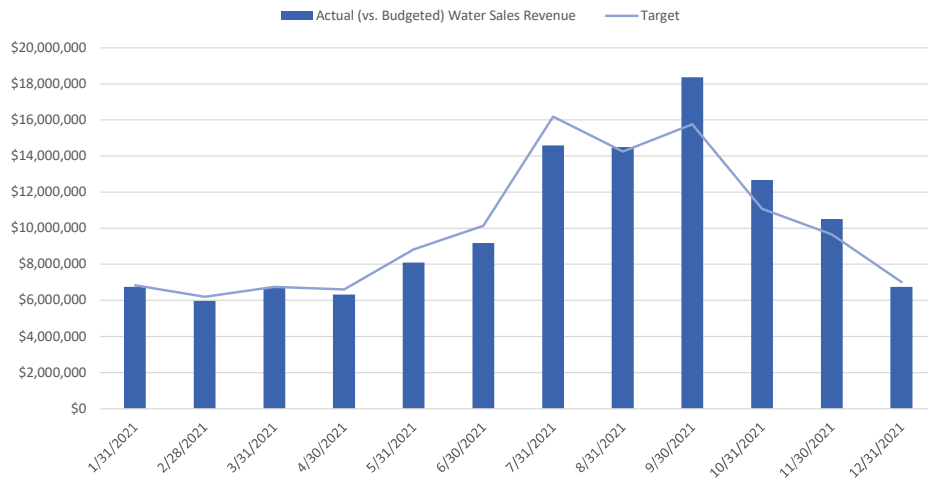
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## KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2021 Target As Of Dec 31	2021 Actual	Variance (- % indicates not meeting goal)	Current Month Target	Current Month Actual	Performance Rating
	<b>Reported Monthly</b>						
FIN	<b>21. Actual vs. Budgeted Water Sales Revenue</b> (YTD) (S.G. 4)	\$ 119,283,371	\$ 120,354,614	0.90%	\$ 7,008,718	\$ 6,738,535	G ↑
FIN	<b>22. O&amp;M Budget to Actual Expenses</b> (YTD) (S.G. 4, 6)	\$ 58,879,511	\$ 58,711,325	-0.29%	\$ 5,869,932	\$ 7,034,503	G ↓
FIN	<b>23. Debt Service Coverage Ratio</b> Ratio of Net Operating Income to Required Debt Service. Board policy is to budget for 2.0. (12 MTD) (S.G. 4)	2.9	3.0	2.40%	2.9	3.0	B ↓



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# KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2021 Target As Of Dec 31	2021 Actual	Variance (- % indicates not meeting goal)	Current Month Target	Current Month Actual	Performance Rating
	Reported Monthly						
FIN	24. Active Customer Accounts vs. Projected Actual growth in the number of bill paying customers compared to estimated growth. (YTD) (S.G. 4, 6)	1,200	1,501	25.08%	105	94	B <span>↑</span>
HR	25. Turnover Rate YTD expression of the performance and stability of the workforce. (YTD) (S.G. 3)	No target established	8.7%	No target established	Not calculated	Not calculated	G <span>↔</span>



**BLUE** Favorable variance is **greater than 2%** from target.

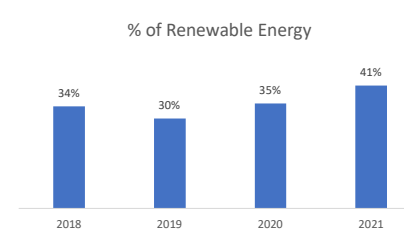
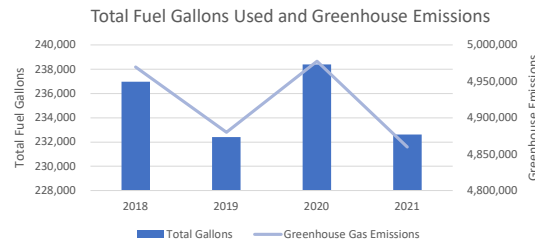
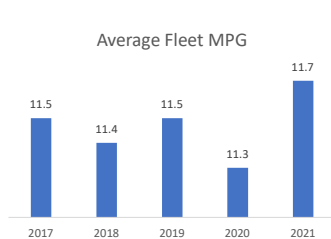
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## KPI DETAIL REPORT

Reporting Division	WaterOne Key Performance Indicators	2018 Final	2019 Final	2020 Final	2020 Target	2021 Final	2021 Target	2021 Performance Rating
	Reported Annually							
HR	<b>26. Employee Health &amp; Safety Severity Rate</b> Employees dates lost due to injury. Rate per 100 employees. (S.G. 3, 8)	7.6	94.9	7.5	No target established	0.8	No target established	G ↑
HR	<b>27. Miles Per Gallon-Light Duty Vehicles</b> Includes MPG for fleet units with consumption measured in miles. (S.G. 7)	11.4	11.5	11.3	No target established	11.7	No target established	G ↑
HR	<b>28. Total Fuel Gallons Used</b> (S.G. 7)	236,986	232,408	238,401	No target	232,613	No target	G ↑
FIN	<b>29. Renewable Energy Ratio</b> Percent of electricity generated from wind, nuclear, hydro, natural gas, and solar. (S.G. 7)	34.0%	30.0%	35.0%	No target established	41.0%	No target established	G ↑



<b>BLUE</b>	Favorable variance is <b>greater than 2%</b> from target.	<b>ORANGE</b>	Unfavorable variance is <b>2% to 5%</b> of target.
<b>GREEN</b>	Favorable or unfavorable variance from target is <b>within 2%</b> .	<b>RED</b>	Unfavorable variance is <b>over 5%</b> of target.

## 2022 REVENUE SUMMARY

### OPERATING REVENUE ASSUMPTIONS

#### Comparison of Revenues

Revenue Type	2021 Budget	2022 Budget	\$ Inc<Dec>	% Inc<Dec>
Sales of Water	\$119,283,371	\$123,827,471	\$4,544,100	3.8%
Other Operating Revenues	1,543,000	1,620,000	77,000	5.0%
Investment Income	300,000	310,000	10,000	3.3%
<b>Total</b>	<b>\$121,126,371</b>	<b>\$125,757,471</b>	<b>\$4,631,100</b>	<b>3.8%</b>

#### Sales of Water

Sales of Water in 2022 are projected to increase by \$4,544,100 or 3.8%.

- A 3.6% rate increase will provide \$4,357,295 in additional revenue.
- 1,300 new retail customers and one new wholesale customer will provide additional revenue of \$1,066,875. WaterOne projects new customer growth by analyzing the long term historical average as well as the recent growth trends.
- A 1.5% budgeted reduction in single family residential (R1) gallons per customer caused revenues to decrease. Residential usage is declining due to more efficient appliances and plumbing fixtures. This decrease reduced revenue by \$765,613.
- A true-up to actual customer growth and meter size mixes reduced revenue by \$114,457.

#### Volume Charge vs. Service Charge

- Volume charges are 77% of revenue
- Service charges are 23% of revenue

The water sales budget is developed assuming “normal” weather which means average temperature, rainfall, and rain frequency.

**Other Operating Revenues**Delayed Payment Charges

Delayed Payment Charges are applied to water bills paid after the due date. Budgeted revenues from this source are \$580,000 which is \$30,000 or 5.5% more than the 2021 budget.

Field Service Charges

Field Service Charges are assessed when service is restored after being shut off for non-payment or other rule violations. This category also includes charges assessed for returned checks. Field Service Charges for 2022 are budgeted to be \$365,000 which is a \$12,000 or 3.4% increase from the 2021 budget. The increase is due to a fee increase for field service charges which is partially offset by historically fewer charges.

Miscellaneous Revenue

Miscellaneous Revenue includes revenue from interest income on WaterOne checking accounts, rental income from farm land and wireless phone antennas, sale of miscellaneous equipment, purchasing card revenue sharing, reimbursements from Johnson County Wastewater for WaterOne's IT time, and HomeServe commissions. Budgeted revenue from these sources is \$675,000, which is \$35,000 or 5.5% more than the 2021 budget.

**Investment Income**

Investment income is earned on investments made with cash that is not needed for daily operation. Investment income in 2022 is budgeted to be \$310,000. This is an increase of \$10,000 or 3.3% more than the 2021 budget.

**NON-OPERATING REVENUE (not a funding source for the Annual Budget)****System Development Charges (SDCs)**

SDCs are paid by new customers when they apply for a service connection permit. They cannot be used for operating expenses and therefore the revenue is not included as a funding source for the annual budget. SDCs are used to fund Master Plan, and they could be utilized to retire debt. For 2022, SDC income is budgeted at \$6,500,000 which is \$500,000 or 8.3% more than the 2021 budget. The increase is due to an increase in new customer growth. SDCs are conservatively budgeted by assuming that all of the customer growth will be 5/8" service connections. The SDC is budgeted at \$5,000, remaining flat.

**WATER RATE STRUCTURE**

WaterOne uses a Peak Management Rate (PMR) fee structure for water rates. This is an inclining rate structure designed to encourage customers to reduce peak usage. This delays the need for additional capacity and/or recovers costs more equitably from those customers who choose to have peak water usage. PMR rates are designed to charge a higher amount for water usage above the customer's base usage. Block 1 rates are for volumes up to 125% of the customer's Average Winter Consumption (AWC). Block 2 rates are for those gallons used in excess of 125% of the customer's AWC.

Each customer's AWC is calculated individually based on their actual consumption over the prior winter. There is also a Default AWC for each customer class and the customer is given the benefit of whichever is higher. The Default AWC is used when no individual customer AWC is set, such as for new customers.

WaterOne projects its average residential customer consumption to be approximately 7,000 gallons per month. The average bill is calculated as follows:

<b>Block</b>	<b>Gallons</b>	<b>2022 Rates per 1,000 gallons</b>	<b>Total</b>
1	5,250	\$4.34	\$22.79
2	1,750	\$6.51	\$11.39
Service Charge	NA	\$12.35	\$12.35
	<b>7,000</b>		<b>\$46.53</b>

There is a 3.6% rate increase for 2022. The typical customer's bill will increase \$1.59 to \$46.53 per month.

**Comparison of Volume Rates and Service Charges  
2021 to 2022  
3.6% Rate Increase**

Meter Size	Actual 2021 Rates	Adopted 2022 Rates	\$ Increase	% Increase
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**Retail Service Charges:**

Single Family Residential

		<b>Bi-monthly</b>			
Monthly	\$12.35	5/8"	\$23.80	<b>\$24.70</b>	\$0.90 3.8%
	\$16.20	3/4"	\$31.30	<b>\$32.40</b>	\$1.10 3.5%
	\$24.10	1"	\$46.60	<b>\$48.20</b>	\$1.60 3.4%
	\$44.70	1 1/2"	\$86.50	<b>\$89.40</b>	\$2.90 3.4%
	\$66.90	2"	\$129.40	<b>\$133.80</b>	\$4.40 3.4%
	\$161.70	3"	\$312.70	<b>\$323.40</b>	\$10.70 3.4%
	\$254.10	4"	\$491.50	<b>\$508.20</b>	\$16.70 3.4%

All Other

		<b>Monthly</b>			
	5/8"	\$14.80	<b>\$15.30</b>	\$0.50	3.4%
	3/4"	\$18.50	<b>\$19.20</b>	\$0.70	3.8%
	1"	\$26.20	<b>\$27.10</b>	\$0.90	3.4%
	1 1/2"	\$46.10	<b>\$47.70</b>	\$1.60	3.5%
	2"	\$67.60	<b>\$69.90</b>	\$2.30	3.4%
	3"	\$159.20	<b>\$164.60</b>	\$5.40	3.4%
	4"	\$248.60	<b>\$257.10</b>	\$8.50	3.4%
	6"	\$526.50	<b>\$544.40</b>	\$17.90	3.4%

Temporary Commercial (All Meter Sizes)	\$94.30	<b>\$94.30</b>	\$0.00	0.0%
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**Retail Volume Charges per 1,000 Gallons:**

**Block 1 (0 to 125% of AWC):**

All Classes	\$4.36	<b>\$4.34</b>	(\$0.02)	-0.5%
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**Block 2 (Over 125% of AWC):**

All Classes	\$5.80	<b>\$6.51</b>	\$0.71	12.2%
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AWC = Average Winter Consumption, stated on a "gallons-per-day" basis. The AWC is updated each year effective with the May billings, based on the preceding January - April billing periods.

For calculation of water bills, each customer will be given the benefit of whichever of the following is HIGHER:

- 1) The individual customer's own ACTUAL AWC
- 2) The DEFAULT AWC as defined below.

For Single-Family Residential (R1) customers, the DEFAULT AWC is based on the 5-year average of Individual AWCs of all Single-Family Residential (R1) customers, regardless of meter size.

For all NON-Single-Family Residential (R1) customers, the DEFAULT AWC is based on the 5-year average AWCs of customers with the same meter size and customer class.



**Adopted  
Monthly Bill Impact  
By Rate Class and Meter Size**

Rate Class	Meter Size	Monthly Consumption (In Gallons)	Block 1 Gallon %	2021 Avg Bill	2022 Avg Bill	% Increase (Decrease)	Monthly Increase (Decrease)
<i>Average Residential</i>	<i>5/8"</i>	<i>7,000</i>	<i>75%</i>	<i>\$ 44.94</i>	<i>\$ 46.53</i>	<i>3.5%</i>	<i>\$ 1.59</i>

***Single Family Residential***

Low Usage	5/8"	3,475	99%	\$ 27.11	\$ 27.52	1.5%	\$ 0.41
Moderate Usage	5/8"	7,205	82%	\$ 45.16	\$ 46.40	2.7%	\$ 1.24
High Usage	5/8"	11,920	60%	\$ 70.76	\$ 74.47	5.2%	\$ 3.71

Low Usage	1"	3,629	94%	\$ 39.46	\$ 40.36	2.3%	\$ 0.90
Moderate Usage	1"	9,041	69%	\$ 66.79	\$ 69.47	4.0%	\$ 2.68
High Usage	1"	25,699	37%	\$ 158.63	\$ 170.72	7.6%	\$ 12.09

***Multi-Family Residential***

Low Usage	1"	9,448	100%	\$ 67.44	\$ 68.17	1.1%	\$ 0.73
Moderate Usage	1"	19,539	96%	\$ 112.44	\$ 113.49	0.9%	\$ 1.05
High Usage	1"	43,442	78%	\$ 229.43	\$ 236.47	3.1%	\$ 7.04

Low Usage	1 1/2"	20,849	100%	\$ 137.05	\$ 138.26	0.9%	\$ 1.21
Moderate Usage	1 1/2"	37,902	97%	\$ 212.73	\$ 214.27	0.7%	\$ 1.54
High Usage	1 1/2"	86,702	77%	\$ 452.62	\$ 466.93	3.2%	\$ 14.31

Low Usage	2"	24,423	100%	\$ 174.17	\$ 176.02	1.1%	\$ 1.85
Moderate Usage	2"	47,178	98%	\$ 274.33	\$ 276.21	0.7%	\$ 1.88
High Usage	2"	120,189	74%	\$ 637.09	\$ 660.04	3.6%	\$ 22.95

***Small Commercial***

Low Usage	5/8"	587	100%	\$ 17.36	\$ 17.85	2.8%	\$ 0.49
Moderate Usage	5/8"	2,625	92%	\$ 26.55	\$ 27.15	2.3%	\$ 0.60
High Usage	5/8"	17,203	64%	\$ 98.73	\$ 103.42	4.8%	\$ 4.69

Low Usage	3/4"	1,344	99%	\$ 24.37	\$ 25.05	2.8%	\$ 0.68
Moderate Usage	3/4"	7,350	74%	\$ 53.29	\$ 55.23	3.6%	\$ 1.94
High Usage	3/4"	40,917	44%	\$ 229.80	\$ 246.36	7.2%	\$ 16.56

Low Usage	1"	2,574	98%	\$ 37.49	\$ 38.38	2.4%	\$ 0.89
Moderate Usage	1"	12,019	80%	\$ 82.09	\$ 84.52	3.0%	\$ 2.43
High Usage	1"	49,868	54%	\$ 276.55	\$ 293.14	6.0%	\$ 16.59

***Large Commercial***

Low Usage	1 1/2"	13,594	88%	\$ 107.65	\$ 110.13	2.3%	\$ 2.48
High Usage	1 1/2"	99,521	64%	\$ 531.26	\$ 556.85	4.8%	\$ 25.59

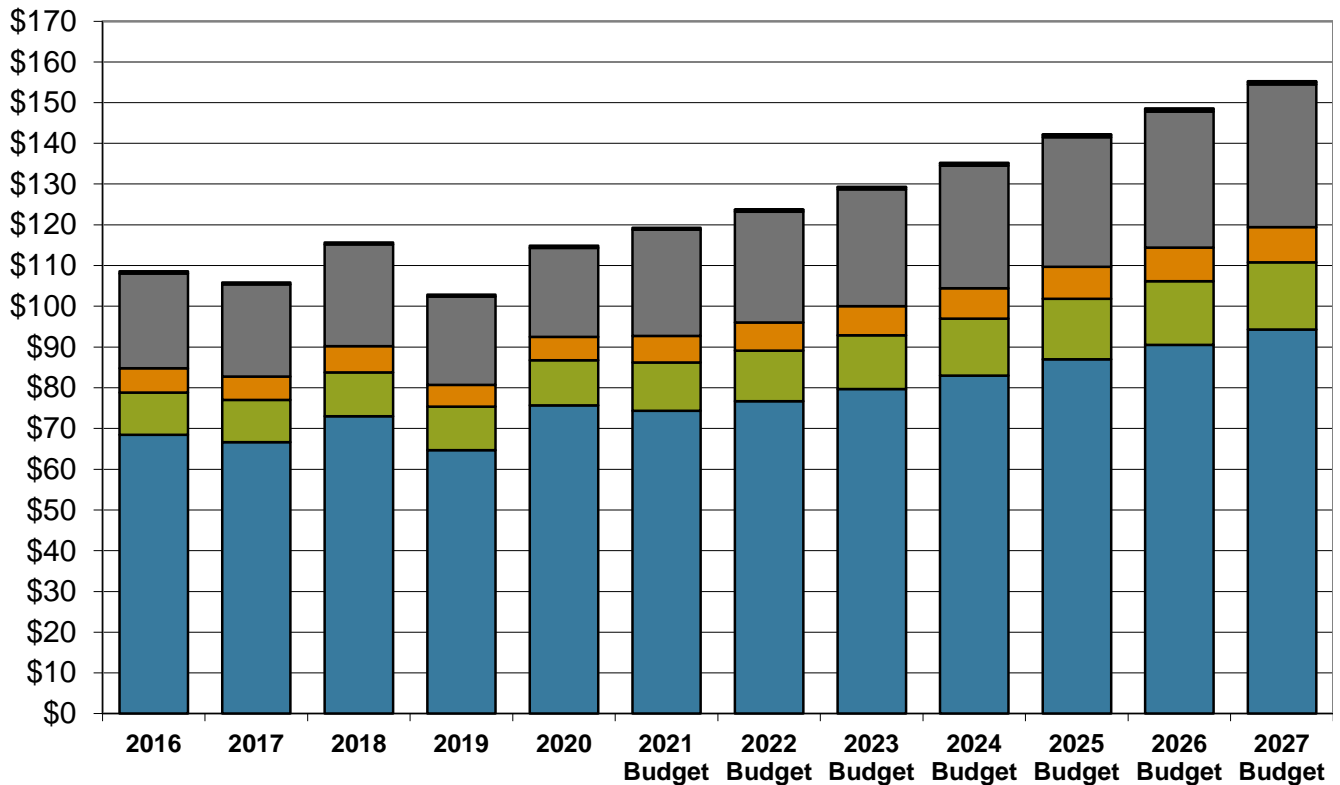
Low Usage	2"	23,017	93%	\$ 170.30	\$ 173.32	1.8%	\$ 3.02
High Usage	2"	181,346	73%	\$ 929.86	\$ 964.82	3.8%	\$ 34.96

Low Usage	3"	99,296	89%	\$ 607.52	\$ 618.74	1.8%	\$ 11.22
High Usage	3"	514,449	74%	\$ 2,594.81	\$ 2,687.56	3.6%	\$ 92.75

Low Usage	4"	173,417	97%	\$ 1,012.67	\$ 1,021.74	0.9%	\$ 9.07
High Usage	4"	941,875	76%	\$ 4,680.68	\$ 4,835.36	3.3%	\$ 154.68

# HISTORY OF WATER SALES BY RATE CLASS

In millions



		Normal	Wet	Semi-Dry	Wet	Semi-Dry	Normal	Normal	Normal	Normal	Normal	Normal	Normal
In Million \$'s		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
R1		\$ 68.5	\$ 66.7	\$ 73.0	\$ 64.7	\$ 75.7	\$ 74.3	\$ 76.7	\$ 79.7	\$ 83.0	\$ 87.0	\$ 90.5	\$ 94.3
M1		\$ 10.3	\$ 10.4	\$ 10.8	\$ 10.7	\$ 11.1	\$ 11.9	\$ 12.5	\$ 13.2	\$ 13.9	\$ 14.8	\$ 15.7	\$ 16.5
C1		\$ 6.0	\$ 5.7	\$ 6.4	\$ 5.3	\$ 5.7	\$ 6.6	\$ 6.9	\$ 7.2	\$ 7.5	\$ 7.9	\$ 8.2	\$ 8.6
C2		\$ 23.2	\$ 22.6	\$ 25.0	\$ 21.7	\$ 21.9	\$ 26.1	\$ 27.2	\$ 28.6	\$ 30.1	\$ 31.8	\$ 33.4	\$ 35.0
C3		\$ 0.6	\$ 0.5	\$ 0.5	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.6
W1		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2
Total		\$ 108.6	\$ 105.8	\$ 115.6	\$ 102.8	\$ 114.9	\$ 119.3	\$ 123.8	\$ 129.3	\$ 135.2	\$ 142.2	\$ 148.5	\$ 155.2

**R1 = Single Family Residential**

**M1 = Multi-Family Residential**

**C1 = Small Commercial**

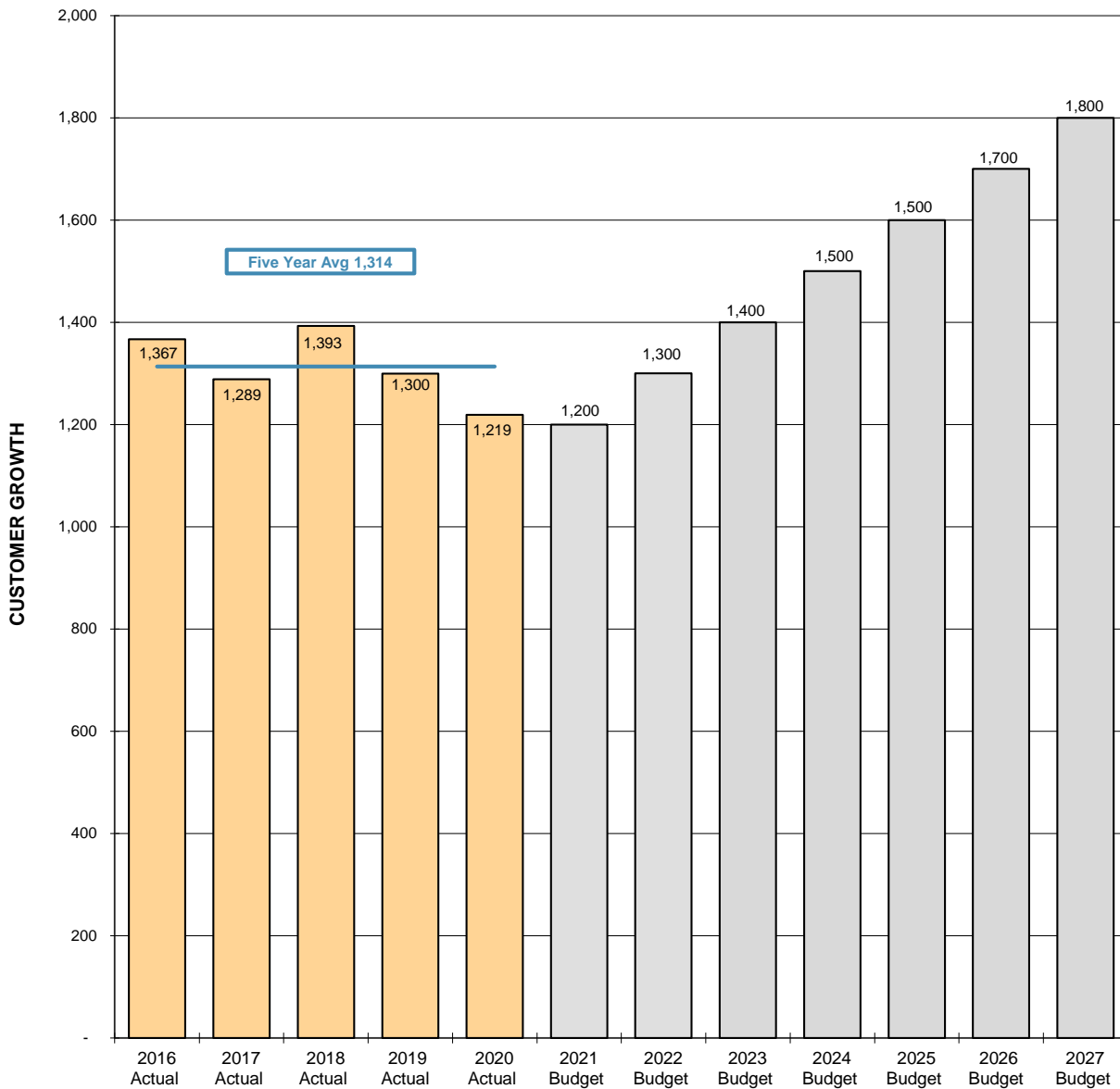
**C2 = Large Commercial**

**C3 = Temporary Commercial**

**W1 = Wholesale**

Actual Water Sales are weather dependent. Budgets are based on a normal year.

# CUSTOMER GROWTH



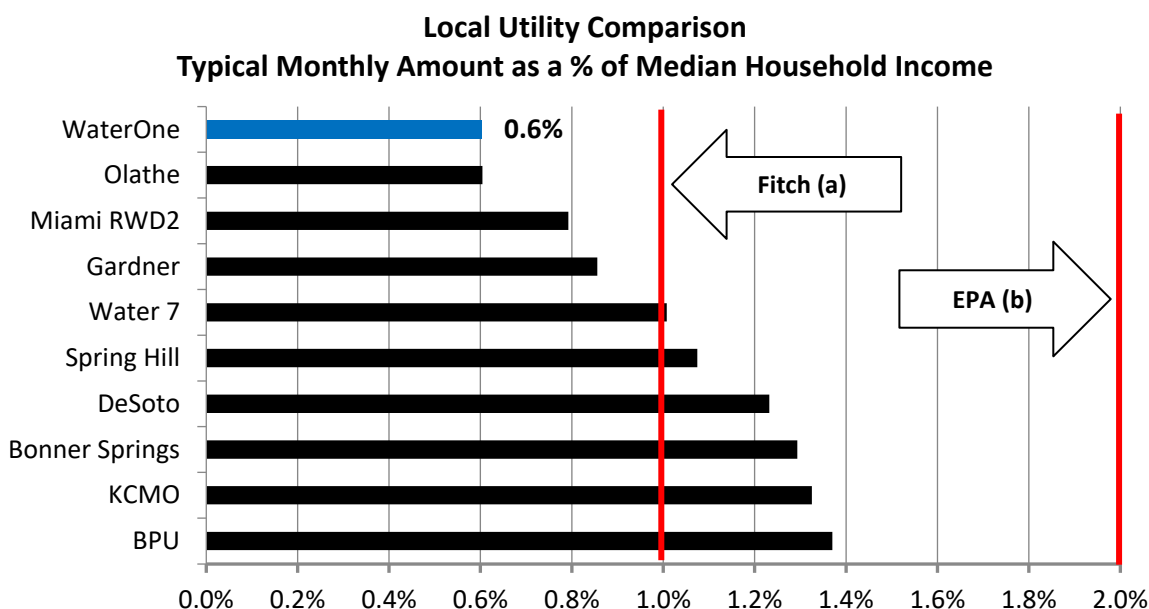

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**5 Year Average (2016 to 2020) of Customer Growth = 1,314**

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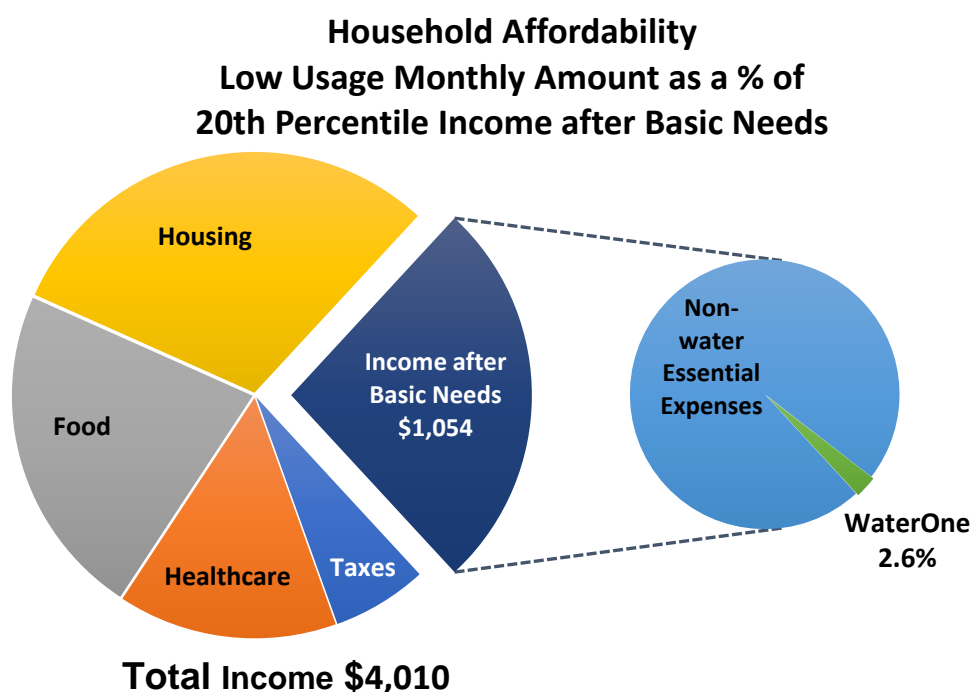
Commercial Temporary (C3) customers are excluded from the annual customer growth amounts.

New customer growth is projected considering the long-term historical average, as well as recent trends. The budget is revised on an annual basis.



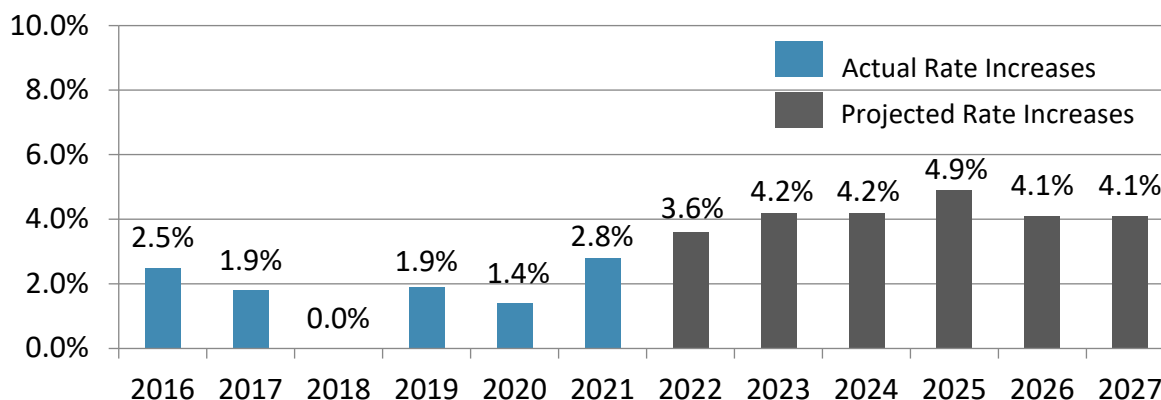
- a) Local economic and demographic factors affect a community's financial capacity to support and pay for drinking water service. Fitch Ratings has indicated that it considers rates that are higher than 1% for an individual water utility to be financially burdensome (Fitch, 2012).
- b) The US Environmental Protection Agency (EPA) indicates that rates higher than 2% of median household income may negatively impact a utility's financial capability (USEPA, 1995).

In the above graph, the typical monthly amount is compared to median household income for WaterOne. This provides a measurement of community affordability. In the graph below, low usage typical monthly amount is compared to the 20<sup>th</sup> percentile income, representing a comprehensive view of household affordability for WaterOne.



*Please note costs related to transportation, childcare, energy, and other household needs are not included in Basic Needs calculation.*

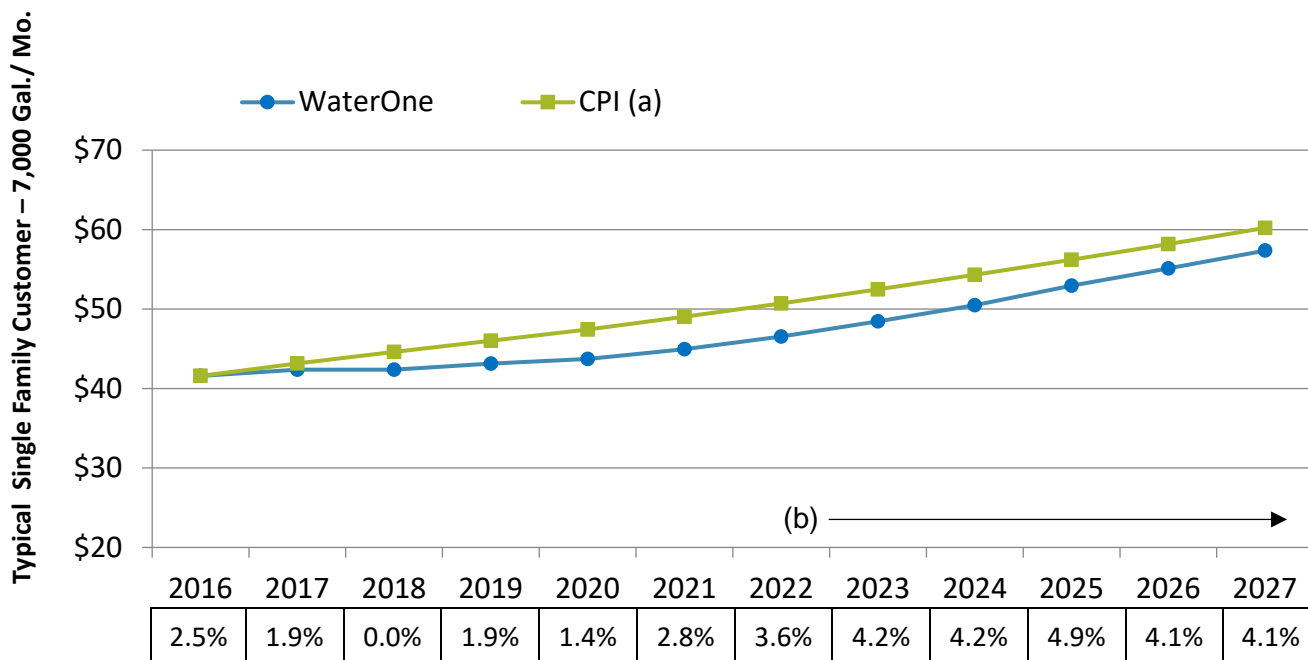
### Water Rate Increases



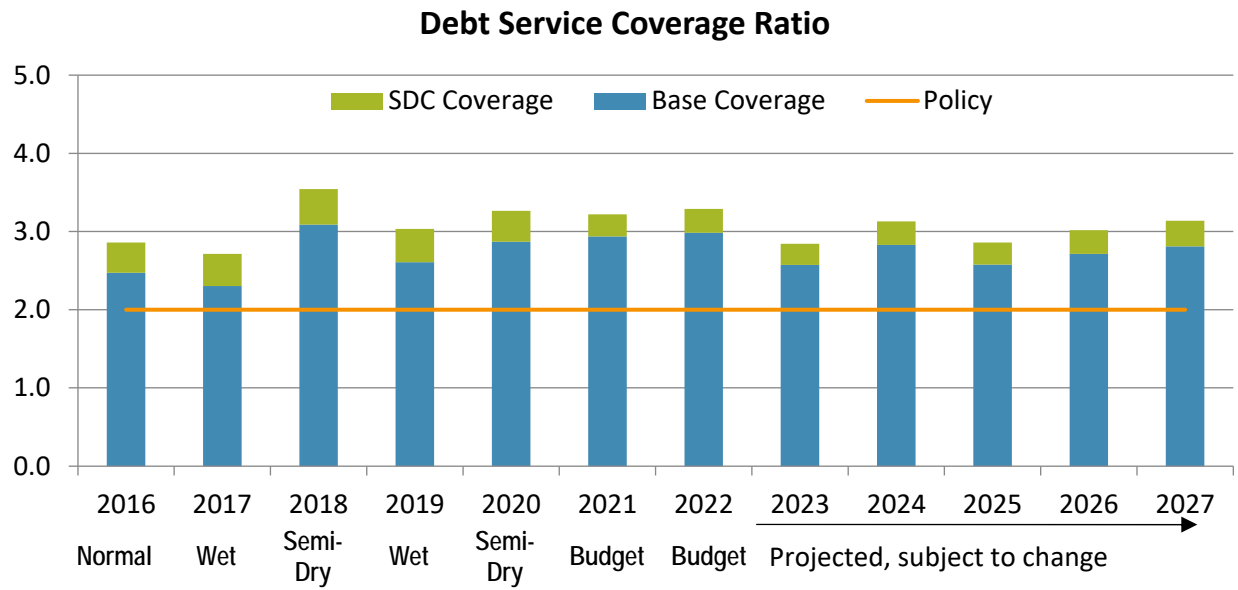
Rate increases beyond the current year are not formally adopted by the Board and are subject to change in the future.

### National Water & Sewer Index

#### WaterOne vs. All Cities Water & Sewer System Maintenance CPI



- a) Actual CPI comes from the Department of Labor. CPI estimated at 3.4% in 2021 which is the one year change from July 2020 to July 2021. CPI estimated at 3.5% for 2022 through 2027 which is the 5 year average. All projections on the assumed CPI rates are subject to change.
- b) Rate increases beyond the current year are not formally adopted by the Board and are subject to change in the future.



The Debt Service Coverage Ratio is the sum of the net operating revenues plus investment income available for debt service, divided by the annual debt service requirement.

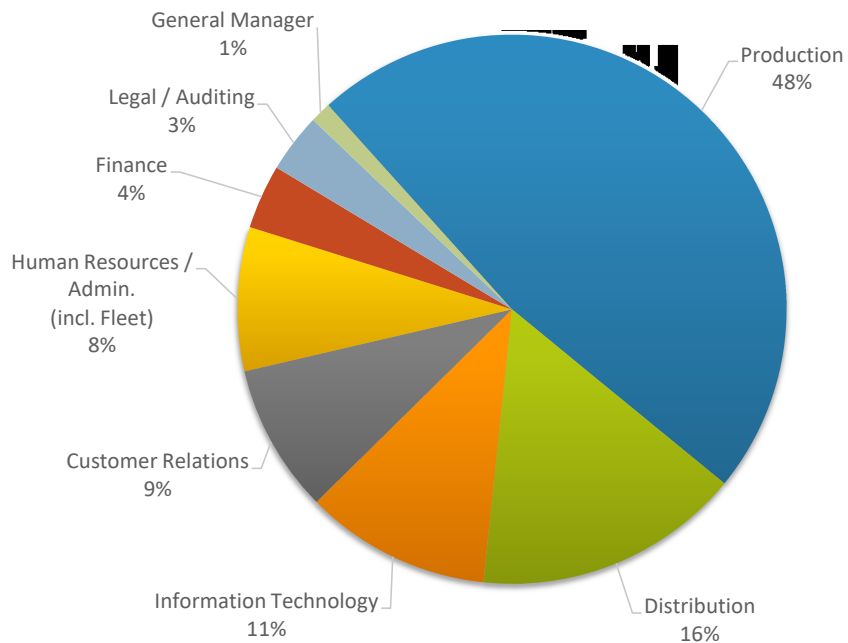
WaterOne Board Policy Number 16 requires a budgeted debt service coverage ratio of at least 2.0 without SDCs. SDCs are used to enhance coverage above the policy level.

**OPERATIONS & MAINTENANCE BUDGET BY DIVISION**  
**Comparison of 2021 & 2022**

Division	2021 Budget	2022 Budget	\$ Dif	% Dif	% of Total O&M Requests	
					2021	2022
Production	\$ 28,496,130	\$ 29,510,209	\$ 1,014,079	3.6%	48.4%	47.6%
Distribution	9,490,055	9,748,349	258,294	2.7%	16.1%	15.7%
Information Technology	5,867,832	6,794,515	926,683	15.8%	10.0%	11.0%
Customer Relations	5,245,917	5,417,639	171,722	3.3%	8.9%	8.7%
Human Resources / Admin.	4,840,533	5,247,527	406,994	8.4%	8.2%	8.5%
Finance	2,389,587	2,353,018	(36,569)	(1.5%)	4.1%	3.8%
Legal / Auditing	1,845,790	2,165,153	319,363	17.3%	3.1%	3.5%
General Manager	703,668	752,207	48,540	6.9%	1.2%	1.2%
<b>TOTAL</b>	<b>\$ 58,879,511</b>	<b>\$ 61,988,617</b>	<b>\$ 3,109,105</b>	<b>5.3%</b>	<b>100%</b>	<b>100%</b>

(totals may not add due to rounding)

**PERCENT OF TOTAL BUDGET BY DIVISION**



## 2022 Budget Compared to 2021 Budget

### O&M ACCOUNTS BY CATEGORY

8/25/2021

	Account Number	2021	2022	\$ DIF	% DIF
<b>PAYROLL</b>					
Labor - Non OT	410010	30,461,517	<b>32,010,983</b>	1,549,466	5.1%
Labor - OT	410015	1,144,275	<b>1,189,019</b>	44,744	3.9%
Water Board Salaries	410080	60,000	<b>60,000</b>	-	0.0%
<b>TOTAL PAYROLL BEFORE TRANSFERS</b>		<b>31,665,792</b>	<b>33,260,002</b>	<b>1,594,210</b>	<b>5.0%</b>
PAYROLL Transfers		(8,112,073)	(8,523,174)	(411,101)	5.1%
<b>Net PAYROLL</b>		<b>23,553,719</b>	<b>24,736,828</b>	<b>1,183,109</b>	<b>5.0%</b>

<b>BENEFITS</b>					
Employee Insurance - Health	413010	4,957,974	<b>5,095,516</b>	137,542	2.8%
Pension DB – Final Pay Plan	412010	2,298,176	<b>1,932,712</b>	(365,464)	-15.9%
Pension DB – Cash Balance Plan	412050	62,917	<b>176,799</b>	113,882	181.0%
Pension DC – WaterOne	412020	404,646	<b>410,280</b>	5,634	1.4%
Pension DC – (New) WaterOne	412052	469,796	<b>539,811</b>	70,015	14.9%
Pension DC – Match	412030	284,871	<b>288,837</b>	3,966	1.4%
Pension DC – (New) Match	412051	343,521	<b>431,174</b>	87,653	25.5%
FICA	411010	2,321,104	<b>2,426,349</b>	105,245	4.5%
Worker's Compensation	411020	330,170	<b>387,296</b>	57,126	17.3%
Retirees Insurance - Health	413050	315,656	<b>303,187</b>	(12,469)	-4.0%
Employee Insurance - Dental	413020	210,338	<b>211,155</b>	817	0.4%
Other Employee Benefits	414030	153,250	<b>159,595</b>	6,345	4.1%
Retirees Insurance - Health Subsidy	413052	153,000	<b>200,000</b>	47,000	30.7%
Employee Health - Retiree Subsidy	413015	(153,000)	<b>(200,000)</b>	(47,000)	30.7%
Employee Insurance - Disability	413040	116,378	<b>121,616</b>	5,238	4.5%
Employee Insurance - Life	413030	123,192	<b>117,672</b>	(5,520)	-4.5%
Car Allowance - Employees	426065	85,500	<b>102,300</b>	16,800	19.6%
Compensation & Benefits Consulting Services	414020	66,000	<b>68,000</b>	2,000	3.0%
Employees Association Activity	414040	41,500	<b>41,800</b>	300	0.7%
Employee Insurance - Vision	413025	40,294	<b>40,351</b>	57	0.1%
Unemployment Insurance	411050	30,544	<b>32,071</b>	1,527	5.0%
Service Awards	414070	20,000	<b>23,000</b>	3,000	15.0%
Health Related Training & Counseling	414060	32,600	<b>22,000</b>	(10,600)	-32.5%
Tuition Reimbursement	414100	17,000	<b>17,000</b>	-	0.0%
Retirees Insurance - Life	413060	17,638	<b>16,387</b>	(1,251)	-7.1%
WOW & Water Spout Awards	414090	13,000	<b>14,000</b>	1,000	7.7%

Bold = See 'Overview' for more



## WATERONE 2022 BUDGET

## O&amp;M OVERVIEW

	Account Number	<u>2021</u>	<u>2022</u>	<u>\$ DIF</u>	<u>% DIF</u>
125D Flexible Benefit Plan	414010	5,280	<b>5,760</b>	480	9.1%
Flowers, Cards, Memorials	414050	1,400	<b>1,400</b>	-	0.0%
Worker's Comp - Returns Of Premium/Divid	411030	(7,000)	<b>(7,000)</b>	-	0.0%
<b>TOTAL BENEFITS BEFORE TRANSFERS</b>		12,755,745	<b>12,979,068</b>	223,323	1.8%
BENEFITS Transfers		(2,958,643)	(3,117,128)	(158,485)	5.4%
<b>Net BENEFITS</b>		9,797,102	<b>9,861,940</b>	64,838	0.7%

## COMMODITIES

<b>Power - Transmission</b>	424030	5,382,412	<b>5,362,628</b>	(19,784)	-0.4%
<b>Power - Source</b>	424020	2,284,558	<b>2,437,705</b>	153,147	6.7%
<b>Power - Distribution</b>	424010	1,796,767	<b>1,733,762</b>	(63,005)	-3.5%
<b>Generator Natural Gas – Wolcott</b>	424045	395,790	<b>351,972</b>	(43,818)	-11.1%
<b>Chemicals - Water Treatment</b>	424070	4,788,906	<b>5,233,454</b>	444,548	9.3%
<b>Material &amp; Supplies</b>	421070	1,377,295	<b>1,427,245</b>	49,950	3.6%
<b>Inventory Withdrawals</b>	421010	666,804	<b>849,847</b>	183,043	27.5%
Electricity	424040	233,600	<b>227,000</b>	(6,600)	-2.8%
BPU Water Purchased In-House	424065	212,043	<b>212,929</b>	886	0.4%
Natural Gas	424050	153,147	<b>159,161</b>	6,014	3.9%
Uniforms	421160	127,473	<b>132,958</b>	5,485	4.3%
Small Tools & Equipment	421130	112,950	<b>110,850</b>	(2,100)	-1.9%
On-Line Analyzer Supplies	421090	72,000	<b>70,000</b>	(2,000)	-2.8%
Safety Equipment & Supplies	421110	69,150	<b>67,900</b>	(1,250)	-1.8%
Kitchen Supplies	421040	69,000	<b>65,000</b>	(4,000)	-5.8%
Office Supplies	421080	32,730	<b>33,145</b>	415	1.3%
OT Meals	426230	3,850	<b>26,680</b>	22,830	593.0%
Other General Settlement	599000	19,083	<b>23,938</b>	4,855	25.4%
Postage	426280	16,100	<b>16,100</b>	-	0.0%
Elec. Communication Device	423150	12,000	<b>7,000</b>	(5,000)	-41.7%
Paper & Print Supplies	421100	7,650	<b>5,850</b>	(1,800)	-23.5%
Medical & First Aid Supplies	421060	5,500	<b>5,500</b>	-	0.0%
Crushed Rock	421020	4,400	<b>4,400</b>	-	0.0%
Envelopes	421030	2,600	<b>3,000</b>	400	15.4%
Proactive Safety Recognition	421120	2,100	<b>2,100</b>	-	0.0%
Topsoil	421150	400	<b>400</b>	-	0.0%
Cash Discount Taken	426560	(7,800)	<b>(5,000)</b>	2,800	-35.9%
<b>TOTAL COMMODITIES BEFORE TRANSFERS</b>		17,840,508	<b>18,565,524</b>	725,016	4.1%
COMMODITIES Transfers		(903,188)	(914,343)	(11,156)	1.2%
<b>Net COMMODITIES</b>		16,937,320	<b>17,651,181</b>	713,860	4.2%

Bold = See 'Overview' for more

## O&amp;M OVERVIEW

	Account Number	<u>2021</u>	<u>2022</u>	<u>\$ DIF</u>	<u>% DIF</u>
<b>SERVICES</b>					
<b>PC Software License &amp; Maintenance</b>	426250	1,700,568	<b>2,390,365</b>	689,797	40.6%
<b>Property &amp; Liability Insurance</b>	425010	752,296	<b>960,296</b>	208,000	27.6%
<b>Contracted Services</b>	422090	668,449	<b>864,572</b>	196,123	29.3%
<b>Clean Drinking Water Fee</b>	426070	585,015	<b>593,675</b>	8,660	1.5%
<b>Telecom</b>	423030	451,680	<b>562,480</b>	110,800	24.5%
<b>AMI Services</b>	422260	537,432	<b>537,432</b>	-	0.0%
Security / Security Guards	422340	463,059	<b>461,359</b>	(1,700)	-0.4%
Water Billing Services	422430	456,908	<b>459,327</b>	2,419	0.5%
<b>Training</b>	426340	397,800	<b>423,000</b>	25,200	6.3%
<b>Maintenance Services</b>	422240	289,731	<b>315,386</b>	25,655	8.9%
<b>Cleaning &amp; Inspecting Facilities</b>	422080	210,536	<b>312,243</b>	101,707	48.3%
<b>Telecom - Cell Phones</b>	423120	231,598	<b>276,890</b>	45,292	19.6%
Mowing & Landscaping	422270	196,375	<b>212,100</b>	15,725	8.0%
<b>Dues &amp; Local Meetings</b>	426120	144,506	<b>184,318</b>	39,812	27.6%
IT Hardware Maintenance	423022	157,900	<b>173,777</b>	15,877	10.1%
Kansas River Water Assurance Dist. (KRWAD)	426190	156,465	<b>144,508</b>	(11,957)	-7.6%
<b>Uncollectible Accounts</b>	426350	179,854	<b>123,950</b>	(55,904)	-31.1%
Communication Services	422085	108,907	<b>104,107</b>	(4,800)	-4.4%
Special Assessment & Fees	426290	106,400	<b>96,882</b>	(9,518)	-8.9%
Vehicle Repair Services	422420	75,200	<b>81,500</b>	6,300	8.4%
Subscriptions & Reference Materials	426330	77,345	<b>80,251</b>	2,906	3.8%
Laboratory Services	422170	84,370	<b>77,400</b>	(6,970)	-8.3%
<b>Engineering</b>	422100	105,000	<b>75,000</b>	(30,000)	-28.6%
<b>Non-Employee Overload</b>	426210	133,232	<b>63,232</b>	(70,000)	-52.5%
Property & Liability Insurance - Self Ins.	425030	60,000	<b>60,000</b>	-	0.0%
Printing Services	422330	46,700	<b>52,505</b>	5,805	12.4%
Vehicle & Equipment Rental	426360	50,750	<b>47,750</b>	(3,000)	-5.9%
AWWA Research Foundation Fees	426030	45,033	<b>47,715</b>	2,682	6.0%
Auditing Fees	422030	45,815	<b>47,657</b>	1,842	4.0%
KS State Water Analysis	422160	65,000	<b>47,060</b>	(17,940)	-27.6%
Checking Account Service Fees	426040	63,000	<b>47,000</b>	(16,000)	-25.4%
Recruitment Costs	426130	46,000	<b>46,000</b>	-	0.0%
Environmental & Risk Mgmt	426140	47,930	<b>44,800</b>	(3,130)	-6.5%
Bank Lockbox Processing Fees	426060	56,000	<b>36,500</b>	(19,500)	-34.8%
WaterOne Memberships	426390	32,730	<b>33,823</b>	1,093	3.3%
IT Maint - Printers	423024	40,000	<b>30,000</b>	(10,000)	-25.0%
Pavement Repair	422290	37,500	<b>26,650</b>	(10,850)	-28.9%
<b>Clean Up</b>	422070	98,000	<b>25,500</b>	(72,500)	-74.0%

Bold = See 'Overview' for more

## WATERONE 2022 BUDGET

## O&amp;M OVERVIEW

	Account Number	<u>2021</u>	<u>2022</u>	<u>\$ DIF</u>	<u>% DIF</u>
Trash Removal Services	422400	22,000	<b>24,300</b>	2,300	10.5%
Payroll Processing	422300	21,840	<b>24,000</b>	2,160	9.9%
Answering Service	422020	16,953	<b>22,957</b>	6,004	35.4%
Legal Services	422180	20,000	<b>20,000</b>	-	0.0%
Help Wanted Ads	426160	18,000	<b>20,000</b>	2,000	11.1%
Pre-Employment Services	422320	16,000	<b>16,000</b>	-	0.0%
Radio Charges	423075	15,800	<b>15,800</b>	-	0.0%
Financial Advisory Services	422120	12,100	<b>14,600</b>	2,500	20.7%
Equipment Repair Services	422110	12,900	<b>12,600</b>	(300)	-2.3%
Delivery Charges (UPS/Fed Ex/Local)	426110	12,083	<b>12,320</b>	237	2.0%
Cathodic Protection	422060	17,824	<b>12,100</b>	(5,724)	-32.1%
Commitment To Excellence Award	426080	7,000	<b>12,000</b>	5,000	71.4%
Post Offer Physicals	426270	10,000	<b>10,000</b>	-	0.0%
Medical Testing Services	422250	6,400	<b>8,900</b>	2,500	39.1%
General Expenses & Miscellaneous	426150	3,775	<b>8,775</b>	5,000	132.5%
Advertising	422010	7,340	<b>8,340</b>	1,000	13.6%
Permit & Easement Fees	426260	6,750	<b>5,750</b>	(1,000)	-14.8%
Storage Expenses	422380	2,500	<b>2,500</b>	-	0.0%
Other Services Settlement	539100	3,050	<b>2,100</b>	(950)	-31.1%
Indoor Plants Services	422150	2,000	<b>2,000</b>	-	0.0%
Bank Account Reconciliation Fees	426020	3,600	<b>1,900</b>	(1,700)	-47.2%
Interest On Security Deposits	426170	6,500	<b>1,300</b>	(5,200)	-80.0%
Barricade Rental	422040	2,350	<b>1,300</b>	(1,050)	-44.7%
Kansas One Call Fee	422165	500	<b>500</b>	-	0.0%
Water Rights	426380	200	<b>200</b>	-	0.0%
Maintenance - Itron System	422190	8,200	-	(8,200)	-100.0%
Vehicle License & Registration	426370	5,000	-	(5,000)	-100.0%
Spoil Removal	422075	400	-	(400)	-100.0%
Job Work Revenue Credits	426180	(7,300)	<b>(6,950)</b>	350	-4.8%
<b>TOTAL SERVICES BEFORE TRANSFERS</b>		<b>9,258,849</b>	<b>10,423,422</b>	<b>1,164,573</b>	<b>12.6%</b>
SERVICES Transfers		(667,480)	(684,754)	(17,275)	2.6%
<b>Net SERVICES</b>		<b>8,591,369</b>	<b>9,738,667</b>	<b>1,147,298</b>	<b>13.4%</b>
<b>GRAND TOTAL</b>		<b>58,879,511</b>	<b>61,988,617</b>	<b>3,109,105</b>	<b>5.3%</b>

Numbers may not add due to rounding

H:\Finance\FINSHARE\1BUDGET\2022 Budget\O&M\Roll Up\[District Level O\_M Comparison-22B.xlsx]By Category-ALL ACCTS

**2021 Approved and 2022 Proposed O&M Budget**  
**ESTIMATED ACTUAL AS OF 8/31/2021**

Explanations are provided when there is a \$10,000 and 10% 2022 Budget Increase <Decrease> from the 2021 Estimated Actual.

Cost Elements		2021 ESTIMATED ACTUAL	2021 APPROVED BUDGET			2022 PROPOSED BUDGET		
			2021 Budget	2021 Estimated Actual Over <Under> 2021 Budget	% Over <Under> Budget	2022 Budget	2022 Budget Increase <Decrease> from 2021 Estimated Actual	% Increase <Decrease>
<b>PERSONNEL COSTS</b>								
	410010 Labor - Gross	\$ 29,706,553	\$ 30,461,517	\$ (754,964)	-2.5%	\$ 32,010,983	\$ 2,304,430	7.8%
	410015 Labor - OT Gross	1,309,112	1,144,275	164,837	14.4%	1,189,019	(120,093)	-9.2%
	410080 Water Board Salary	60,000	60,000	0	0.0%	60,000	(0)	0.0%
	413010 Employee Insurance - Health	4,962,348	4,957,974	4,374	0.1%	5,095,516	133,168	2.7%
	411010 FICA - Gross	2,304,491	2,321,104	(16,613)	-0.7%	2,426,349	121,858	5.3%
	412010 Pension DB - Final Pay Plan	2,061,902	2,298,176	(236,274)	-10.3%	1,932,712	(129,190)	-6.3%
P1	412050 Pension DB - Cash Balance Plan	154,517	62,917	91,600	145.6%	176,799	22,282	14.4%
P1	412052 Pension DC - District (New)	462,305	469,796	(7,492)	-1.6%	539,811	77,507	16.8%
	412020 Pension DC - District	411,238	404,646	6,592	1.6%	410,280	(958)	-0.2%
P1	412051 Pension DC - Match (New)	356,177	343,521	12,656	3.7%	431,174	74,997	21.1%
	412030 Pension DC - Match	311,367	284,871	26,496	9.3%	288,837	(22,530)	-7.2%
P2	411020 Worker's Comp	344,874	323,170	21,704	6.7%	380,296	35,422	10.3%
	413050 Retiree Insurance - Health	288,260	315,656	(27,396)	-8.7%	303,187	14,927	5.2%
	413020 Employee Insurance - Dental	210,667	210,338	329	0.2%	211,155	488	0.2%
	414030 Employee Benefits - Other	156,105	153,250	2,855	1.9%	159,595	3,490	2.2%
	413052 Retiree Insurance - Health Subsidy	153,000	153,000	-	0.0%	200,000	47,000	30.7%
	413015 Employee Insurance - Health Subsidy	(153,000)	(153,000)	-	0.0%	(200,000)	(47,000)	30.7%
	413040 Employee Insurance - LT & ST Disability	114,860	116,378	(1,518)	-1.3%	121,616	6,756	5.9%
	413030 Employee Insurance - Life	115,426	123,192	(7,766)	-6.3%	117,672	2,246	1.9%
P3	426065 Car Allowance	133,400	85,500	47,900	56.0%	102,300	(31,100)	-23.3%
	414020 Compensation & Benefit Consulting Svcs	73,657	66,000	7,657	11.6%	68,000	(5,657)	-7.7%
P4	414040 Employee Association Activity	10,000	41,500	(31,500)	-75.9%	41,800	31,800	318.0%
	413025 Employee Insurance - Vision	39,438	40,294	(856)	-2.1%	40,351	913	2.3%
	411050 Unemployment Insurance	30,744	30,544	200	0.7%	32,071	1,327	4.3%
	414070 Service Awards	19,708	20,000	(293)	-1.5%	23,000	3,293	16.7%
	414060 Health Training/Counseling	30,767	32,600	(1,833)	-5.6%	22,000	(8,767)	-28.5%
	414100 Tuition Reimbursement	8,417	17,000	(8,583)	-50.5%	17,000	8,583	102.0%
	413060 Retiree Insurance - Life	17,001	17,638	(637)	-3.6%	16,387	(614)	-3.6%
P5	414090 Wow & Spout Awards	43,927	13,000	30,927	237.9%	14,000	(29,927)	-68.1%
	414010 125D Plan - Gross	5,540	5,280	260	4.9%	5,760	220	4.0%
	414050 Flowers, Cards, Memorials	1,784	1,400	384	27.4%	1,400	(384)	-21.5%
<b>TOTAL PERSONNEL COSTS</b>		<b>\$ 43,744,584</b>	<b>\$ 44,421,537</b>	<b>\$ (676,953)</b>	<b>-1.5%</b>	<b>\$ 46,239,070</b>	<b>\$ 2,494,486</b>	<b>5.7%</b>

P1 The 2022 budget increase is due to additional participants entering the plan as well as increases to payroll.

P2 The 2022 budget increase is due to higher policy premiums based on loss ratio and market conditions.

P3 The 2021 expenditures include additional car allowances to accommodate social distancing recommendations.

P4 The 2021 expenditures are lower than budget due to recommended restrictions on in-person social gatherings.

P5 The 2021 expenditures are higher than budget due to accomplishments by employees related to working during the COVID pandemic.

# 2021 Approved and 2022 Proposed O&M Budget

## ESTIMATED ACTUAL AS OF 8/31/2021

Explanations are provided when there is a \$10,000 and 10% 2022 Budget Increase <Decrease> from the 2021 Estimated Actual.

Cost Elements		2021 ESTIMATED ACTUAL	2021 APPROVED BUDGET			2022 PROPOSED BUDGET		
			2021 Budget	2021 Estimated Actual Over <Under> 2021 Budget	% Over <Under> Budget	2022 Budget	2022 Budget Increase <Decrease> from 2021 Estimated Actual	% Increase <Decrease>
COMMODITIES								
C1	424070 Chemicals - Water Treatment	\$ 4,502,226	\$ 4,788,906	\$ (286,680)	-6.0%	\$ 5,233,454	\$ 731,228	16.2%
C2	424030 Power - Transmission	4,737,865	5,382,412	(644,547)	-12.0%	5,362,628	624,763	13.2%
	424020 Power - Source	2,300,971	2,284,558	16,413	0.7%	2,437,705	136,734	5.9%
C3	424010 Power - Distribution	1,526,191	1,796,767	(270,576)	-15.1%	1,733,762	207,571	13.6%
C4	424046 Gen Nat'l Gas Trans	167,778	237,474	(69,696)	-29.3%	211,183	43,405	25.9%
C4	424045 Gen Nat'l Gas Source	111,852	158,316	(46,464)	-29.3%	140,789	28,937	25.9%
	421070 Material & Supplies	1,477,165	1,377,295	99,870	7.3%	1,427,245	(49,920)	-3.4%
C5	421010 Inventory Withdrawals	728,759	666,804	61,955	9.3%	849,847	121,088	16.6%
	424040 Electricity	210,524	233,600	(23,076)	-9.9%	227,000	16,476	7.8%
C6	424065 Water Purchased In House	169,685	212,043	(42,358)	-20.0%	212,929	43,244	25.5%
C7	424050 Natural Gas	461,699	153,147	308,552	201.5%	159,161	(302,538)	-65.5%
	421160 Uniforms	122,971	127,473	(4,502)	-3.5%	132,958	9,987	8.1%
C8	421130 Small Tools & Equipment	75,813	112,950	(37,137)	-32.9%	110,850	35,037	46.2%
	421090 On-Line Analyzer Supplies	76,919	72,000	4,919	6.8%	70,000	(6,919)	-9.0%
C9	421110 Safety Equip & Supplies	46,479	69,150	(22,671)	-32.8%	67,900	21,421	46.1%
C10	421040 Kitchen Supplies	46,732	69,000	(22,268)	-32.3%	65,000	18,268	39.1%
C11	421080 Office Supplies	22,552	32,730	(10,178)	-31.1%	33,145	10,593	47.0%
	426230 OT Meals	30,212	3,850	26,362	684.7%	26,680	(3,532)	-11.7%
	599000 Other General Settlement	21,987	19,083	2,904	15.2%	23,938	1,951	8.9%
	426280 Postage	19,019	16,100	2,919	18.1%	16,100	(2,919)	-15.3%
	423150 Electronic Communication Device	6,121	12,000	(5,879)	-49.0%	7,000	879	14.4%
	421100 Paper	4,858	7,650	(2,792)	-36.5%	5,850	992	20.4%
	421060 Med/1st Aid Supplies	4,777	5,500	(723)	-13.1%	5,500	723	15.1%
	519210 Crushed Rock	2,083	4,400	(2,317)	-52.7%	4,400	2,317	111.3%
	421030 Envelopes	2,858	2,600	258	9.9%	3,000	142	5.0%
	421120 Proactive Safety Recognition	700	2,100	(1,400)	-66.7%	2,100	1,400	200.0%
	421150 Topsoil	133	400	(267)	-66.7%	400	267	200.0%
	426560 Cash Discounts Taken	(4,686)	(7,800)	3,114	-39.9%	(5,000)	(314)	6.7%
TOTAL COMMODITIES		\$ 16,874,239	\$ 17,840,508	\$ (966,269)	-5.4%	\$ 18,565,524	\$ 1,691,285	10.0%

- C1 2021 is under budget primarily due to less water production. The 2022 budget increase is mostly due to chemical price increases.
- C2 2021 is under budget due less water production and a lower than projected Energy Rate Component (ERC).
- C3 2021 is under budget due to less water production and low utilization of the Nall pump station during capital improvements.
- C4 Natural gas engine generators at Wolcott were utilized less than projected in 2021.
- C5 The 2022 budget increased primarily due to projected higher fuel costs.
- C6 This budget is primarily for water used for bearing water and intake screen washing at the MO Intake and fluctuates based on the usage of this facility.
- C7 An unprecedented deep freeze occurred in early 2021 causing spikes in market prices and critical day surcharges for natural gas from Kansas Gas Service.
- C8 This budget is based on historical spending and can vary based on the needs during a given year.
- C9 This budget mostly consists of reimbursement for safety shoes and varies based on employee needs.
- C10 Kitchen supplies have been utilized less in 2021 due to personnel working remotely.
- C11 Many employees have worked remotely during the pandemic, causing a decrease in office supply spending.

Explanations are provided when there is a \$10,000 and 10% 2022 Budget Increase <Decrease> from the 2021 Estimated Actual.

## 2021 Approved and 2022 Proposed O&M Budget ESTIMATED ACTUAL AS OF 8/31/2021

Cost Elements			2021 ESTIMATED ACTUAL	2021 APPROVED BUDGET			2022 PROPOSED BUDGET		
				2021 Budget	2021 Estimated Actual Over <Under> 2021 Budget	% Over <Under> Budget	2022 Budget	2022 Budget Increase <Decrease> from 2021 Estimated Actual	% Increase <Decrease>
SERVICES									
S1	426250	PC Software & Maint	\$ 1,634,284	\$ 1,700,568	\$ (66,285)	-3.9%	\$ 2,390,365	\$ 756,082	46.3%
S2	425010	P&L Insurance	882,346	752,296	130,050	17.3%	960,296	77,950	8.8%
S3	422090	Contracted Services	678,864	668,449	10,415	1.6%	864,572	185,708	27.4%
	426070	Clean Water Fee	557,203	585,015	(27,812)	-4.8%	593,675	36,472	6.5%
S4	423030	Telecom	447,608	451,680	(4,072)	-0.9%	562,480	114,872	25.7%
	422260	AMI Services	537,432	537,432	(0)	0.0%	537,432	0	0.0%
	422340	Security	478,011	463,059	14,952	3.2%	461,359	(16,652)	-3.5%
	422430	Water Billing Services	440,601	456,908	(16,307)	-3.6%	459,327	18,726	4.3%
S5	426340	Training	226,077	397,800	(171,723)	-43.2%	423,000	196,923	87.1%
	422240	Maint Svcs	287,300	289,731	(2,431)	-0.8%	315,386	28,086	9.8%
	422080	Clean/Inspect Facilities	343,679	210,536	133,143	63.2%	312,243	(31,436)	-9.1%
	423120	Telecom - Cell Phones	259,948	231,598	28,350	12.2%	276,890	16,942	6.5%
	422270	Mowing & Landscaping	206,722	196,375	10,347	5.3%	212,100	5,378	2.6%
S6	426120	Dues & Local Meetings	115,720	144,506	(28,786)	-19.9%	184,318	68,598	59.3%
S7	423022	IT Hardware Maintenance	130,506	157,900	(27,394)	-17.3%	173,777	43,271	33.2%
S8	426190	KS River Assurance District	86,919	156,465	(69,546)	-44.4%	144,508	57,589	66.3%
	426350	Uncollectible Accounts	121,538	179,854	(58,316)	-32.4%	123,950	2,412	2.0%
	422085	Communication Services	108,193	108,907	(714)	-0.7%	104,107	(4,086)	-3.8%
	426290	Spec. Assessment & Fees	89,010	106,400	(17,390)	-16.3%	96,882	7,872	8.8%
	422420	Vehicle Repair Services	82,368	75,200	7,168	9.5%	81,500	(868)	-1.1%

- S1 The budget increase is primarily due to a pricing increase with Microsoft and an increase in the annual maintenance contract for the SCADA system.
- S2 The 2022 budget increase is due to higher policy premiums based on loss ratio and market conditions.
- S3 The increase is primarily due to consulting services for Information Security, increased outsourced IT development and network services.
- S4 The 2022 budget increase is due to added sites such as the new water towers as well as SCADA network requirements.
- S5 The 2021 utilization of training has decreased due to social distancing and travel restrictions.
- S6 Expenditures in 2021 are lower than projected due to travel restrictions and social distancing recommendations. The increase in 2022 is for additional engagement activities.
- S7 2021 is under budget due to a lower than budgeted SAN Renewal. The 2022 budget increased due to a new maintenance contract with increased coverage & services.
- S8 In 2021, actuals were significantly lower than prior years due to minimal KS River intake utilization during construction activities.

**2021 Approved and 2022 Proposed O&M Budget**  
**ESTIMATED ACTUAL AS OF 8/31/2021**

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Cost Elements		2021 ESTIMATED ACTUAL	2021 APPROVED BUDGET			2022 PROPOSED BUDGET		
			2021 Budget	2021 Estimated Actual Over <Under> 2021 Budget	% Over <Under> Budget	2022 Budget	2022 Budget Increase <Decrease> from 2021 Estimated Actual	% Increase <Decrease>
<b>SERVICES (Cont'd)</b>								
	426330 Subs & Reference Material	\$ 88,338	\$ 77,345	\$ 10,993	14.2%	\$ 80,251	\$ (8,087)	-9.2%
	422170 Laboratory Services	71,481	84,370	(12,889)	-15.3%	77,400	5,919	8.3%
	422100 Engineering	67,061	105,000	(37,939)	-36.1%	75,000	7,939	11.8%
S9	426210 Non-Employee Overload	333,100	133,232	199,868	150.0%	63,232	(269,868)	-81.0%
	425030 P&L Ins - Self	51,760	60,000	(8,240)	-13.7%	60,000	8,240	15.9%
	422330 Printing Services	43,324	46,700	(3,376)	-7.2%	52,505	9,181	21.2%
S10	426360 Vehicle & Equipment Rental	66,975	50,750	16,225	32.0%	47,750	(19,225)	-28.7%
	426030 AWWA Research Foundation Fees	48,476	45,033	3,443	7.6%	47,715	(761)	-1.6%
	422030 Auditing Fees	45,879	45,815	64	0.1%	47,657	1,778	3.9%
S11	422160 KS Water Analysis	36,087	65,000	(28,913)	-44.5%	47,060	10,973	30.4%
	426040 Checking Account Service Fees	53,228	63,000	(9,772)	-15.5%	47,000	(6,228)	-11.7%
S12	426130 Recruitment Costs	26,665	46,000	(19,335)	-42.0%	46,000	19,335	72.5%
	426140 Environ & Risk Management	35,190	47,930	(12,740)	-26.6%	44,800	9,610	27.3%
S13	426060 Bank Lockbox Fees	54,066	56,000	(1,934)	-3.5%	36,500	(17,566)	-32.5%
	426390 WaterOne Membership	33,983	32,730	1,253	3.8%	33,823	(160)	-0.5%
	423024 IT Maint - Printers	30,197	40,000	(9,803)	-24.5%	30,000	(197)	-0.7%
S14	519270 Pavement Repair	14,942	37,500	(22,559)	-60.2%	26,650	11,709	78.4%
	422070 Clean Up	32,465	98,000	(65,535)	-66.9%	25,500	(6,965)	-21.5%
	422400 Trash Removal Services	22,309	22,000	309	1.4%	24,300	1,991	8.9%
	422300 Payroll Processing	16,294	21,840	(5,546)	-25.4%	24,000	7,706	47.3%

S9 Increased spending in 2021 is due to personnel needs required in IT by the SCADA project that will be converted to an FTE in 2022.

S10 Increased expenditures in 2021 were to allow for recommended social distancing.

S11 This budget consists of WaterOne's share of a USGS study on the KS river. WaterOne's cost share was lower than projected in 2021 and is expected to increase in 2022.

S12 This budget consists of recruitment agency fees for the placement of approximately four positions annually. Actuals vary depending on need. 2021 actual includes utilization for two positions.

S13 The 2022 budget decrease is due to a new banking partner with lower fees.

S14 Actuals can vary in a given year depending on required maintenance. In 2021 there was less maintenance under pavement.

Explanations are provided when there is a \$10,000 and 10% 2022 Budget Increase <Decrease> from the 2021 Estimated Actual.

**2021 Approved and 2022 Proposed O&M Budget  
ESTIMATED ACTUAL AS OF 8/31/2021**

Cost Elements		2021 ESTIMATED ACTUAL	2021 APPROVED BUDGET			2022 PROPOSED BUDGET		
			2021 Budget	2021 Estimated Actual Over <Under> 2021 Budget	% Over <Under> Budget	2022 Budget	2022 Budget Increase <Decrease> from 2021 Estimated Actual	
							% Increase <Decrease>	
SERVICES (Cont'd)								
422020 Answering Service	\$	19,443	\$ 16,953	\$ 2,490	14.7%	\$ 22,957	\$ 3,514	18.1%
422180 Legal Services		13,156	20,000	(6,844)	-34.2%	20,000	6,844	52.0%
426160 Help Wanted Ads		29,000	18,000	11,000	61.1%	20,000	(9,000)	-31.0%
422320 Pre-Employment Services		18,262	16,000	2,262	14.1%	16,000	(2,262)	-12.4%
423075 Radio Charges (Fleet)		14,484	15,800	(1,316)	-8.3%	15,800	1,316	9.1%
422120 Financial Services		13,260	12,100	1,160	9.6%	14,600	1,340	10.1%
422110 Equip Repair Svcs		9,754	12,900	(3,146)	-24.4%	12,600	2,846	29.2%
426110 Delivery Charges		16,091	12,083	4,008	33.2%	12,320	(3,771)	-23.4%
422060 Cathodic Protection		16,237	17,824	(1,587)	-8.9%	12,100	(4,137)	-25.5%
426080 Commitment To Excellence Program		8,096	7,000	1,096	15.7%	12,000	3,904	48.2%
426270 Post Offer Physical		10,215	10,000	215	2.2%	10,000	(215)	-2.1%
422250 Medical Testing Services		11,165	6,400	4,765	74.5%	8,900	(2,265)	-20.3%
426150 General Expense & Miscellaneous		9,350	3,775	5,575	147.7%	8,775	(575)	-6.1%
422010 Advertising		6,871	7,340	(469)	-6.4%	8,340	1,469	21.4%
426260 Permit & Easement Fees		2,560	6,750	(4,190)	-62.1%	5,750	3,190	124.6%
423130 Access Control & Security		2,432	0	2,432	100.0%	3,120	688	28.3%
422380 Storage Expenses		918	2,500	(1,582)	-63.3%	2,500	1,582	172.2%
539100 Other Serv Settlement		10,210	3,050	7,160	234.8%	2,100	(8,110)	-79.4%
422150 Indoor Plants Svcs		2,219	2,000	219	10.9%	2,000	(219)	-9.9%
426020 Bank Account Reconciliation Fees		3,395	3,600	(205)	-5.7%	1,900	(1,495)	-44.0%
519240 Barricade Rental		783	2,350	(1,567)	-66.7%	1,300	517	66.0%
426170 Interest On Security Deposit		871	6,500	(5,629)	-86.6%	1,300	429	49.3%
422165 Kansas One Call		500	500	-	0.0%	500	-	0.0%
426380 Water Rights		91	200	(109)	-54.3%	200	109	119.0%
426370 Vehicle License & Registration		2,956	5,000	(2,044)	-40.9%	0	(2,956)	-100.0%
422190 Maint -Itron System		7,763	8,200	(437)	-5.3%	0	(7,763)	-100.0%
519250 Spoil Removal		783	400	383	95.8%	0	(783)	-100.0%
426180 Job Work Revenue Credit		(7,982)	(7,300)	(682)	9.3%	(6,950)	1,032	-12.9%
TOTAL SERVICES		\$ 9,114,148	\$ 9,258,849	\$ (144,701)	-1.6%	\$ 10,423,422	\$ 1,309,274	14.4%

<b>TOTAL TRANSFERS</b>	<b>(\$12,764,778)</b>	<b>(\$12,641,383)</b>	<b>(\$123,395)</b>	<b>1.0%</b>	<b>(\$13,239,399)</b>	<b>(\$474,621)</b>	<b>3.7%</b>
<b>TOTAL O&amp;M</b>	<b>\$ 56,968,193</b>	<b>\$ 58,879,511</b>	<b>\$ (1,911,317)</b>	<b>-3.2%</b>	<b>\$ 61,988,617</b>	<b>\$ 5,020,423</b>	<b>8.8%</b>

Numbers may not total due to rounding



## Personnel

### INTRODUCTION

This section contains:

- organizational chart
- costs related to new positions
- overtime schedule
- authorized part-time and summer positions
- explanation of benefit expenditures by major category
- 5-year employee matrix

In 2022, a total of 395 full-time, four part-time, and 22 temporary/summer positions are budgeted. This includes six new full-time positions, one new intern, one full-time elimination and one temporary/summer elimination. The total FTEs after all adjustments are 403.9 which is an increase of 5.00 versus the 2021 budgeted authorized personnel. The organizational chart is color-coded to show the reclassifications, eliminations and additional personnel requests.

Following the organizational chart, are justifications, first-year salary, benefits, and capital costs for the new personnel requests. The total first-year cost for new personnel is \$541,719.

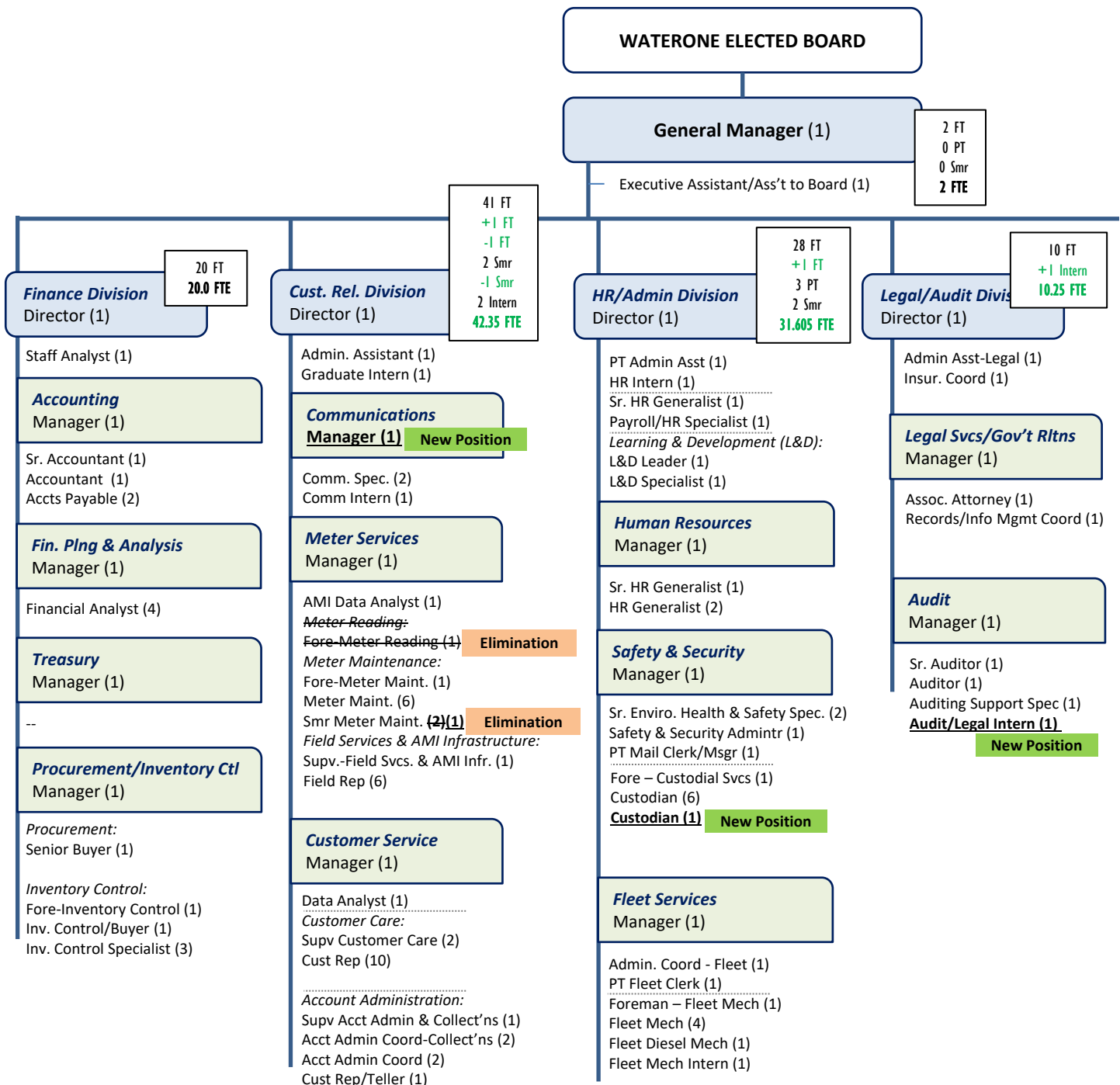
The budget includes a performance compensation adjustment of 4.00%.

Employee benefits are allocated to divisions based on headcount or percent of payroll.

### FIVE YEAR PERSONNEL PLAN

For operational planning purposes, WaterOne maintains a Five-Year Personnel Plan beyond the next budget year. Financial modeling is based on a historical average number of additional personnel. For 2022, the five-year plan is from 2023 to 2027.

## ORGANIZATIONAL



Color Legend:

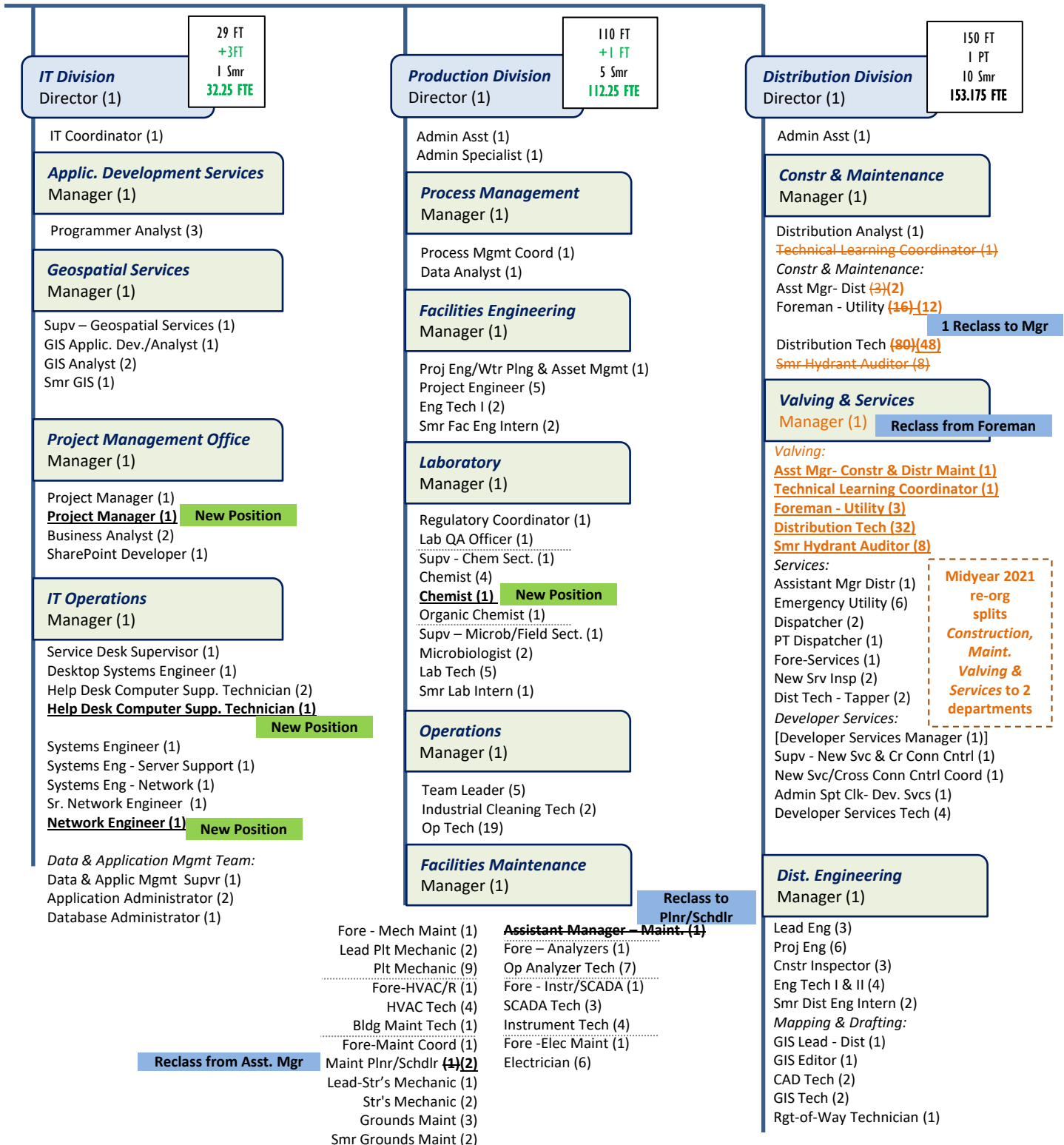
Elimination

2021 Mid Year Reclass

New Position

2022 Reclass

	Full Time (FT)	Part Time (PT)	Temp/Summer/ Apprentice	
2021 Authorized	390	4	22	
Mid Year Reclass (2021)	0	0	0	
New Positions	6	0	1	
Reclass (2022)	0	0	0	
Eliminated Positions	-1	0	-1	
Total 2022	395	4	22	
Full Time Equivalents (FTEs)				Total
2021 Authorized	390	2.5	6.38	398.88
2022 Authorized	395	2.5	6.38	403.88
			Net FTE Increase	5.00



**WaterOne 2022 Budget**  
**O&M Costs Related to New Personnel**

				First Year Salary	First Year Benefits	Other O&M*	Total O&M
<b>Production</b>							
<b>Water Quality Laboratory</b>							
<i>July</i>	Chemist	Full Time		\$33,450	\$10,035	\$320	\$43,805
<b>PRODUCTION TOTAL</b>				<b>\$33,450</b>	<b>\$10,035</b>	<b>\$320</b>	<b>\$43,805</b>
<b>Customer Relations</b>							
<b>Communications</b>							
<i>January</i>	Communications Manager	Full Time		\$112,000	\$33,600	\$624	\$146,224
<b>CUSTOMER RELATIONS TOTAL</b>				<b>\$112,000</b>	<b>\$33,600</b>	<b>\$624</b>	<b>\$146,224</b>
<b>Information Technology</b>							
<b>Infrastructure Services</b>							
<i>January</i>	IT Infrastructure Engineer	Full Time		\$84,700	\$25,410	\$540	\$110,650
<i>January</i>	Service Desk Technician	Full Time		\$49,192	\$14,758	\$624	\$64,574
<b>Project Management Office</b>							
<i>January</i>	Project Manager	Full Time		\$112,000	\$33,600	\$540	\$146,140
<b>INFORMATION TECHNOLOGY TOTAL</b>				<b>\$245,892</b>	<b>\$73,768</b>	<b>\$1,704</b>	<b>\$321,364</b>
<b>Human Resources</b>							
<b>Custodians</b>							
<i>July</i>	Custodian	Full Time		\$16,755	\$5,027	\$120	\$21,902
<b>HUMAN RESOURCES TOTAL</b>				<b>\$16,755</b>	<b>\$5,027</b>	<b>\$120</b>	<b>\$21,902</b>
<b>Legal/Auditing</b>							
<b>Auditing</b>							
<i>May</i>	Intern	Summer		\$7,800	\$624	\$0	\$8,424
<b>LEGAL/AUDITING TOTAL</b>				<b>\$7,800</b>	<b>\$624</b>	<b>\$0</b>	<b>\$8,424</b>
<b>TOTAL 2022 BUDGET for NEW EMPLOYEES</b>							
				<b>\$415,897</b>	<b>\$123,054</b>	<b>\$2,768</b>	<b>\$541,719</b>

\* O&M includes uniform cost and cell phone charges.

H:\Finance\FINSHARE\1BUDGET\2022 Budget\BOARD DRAFT Budget Book\06-Personnel\[Additional Personnel Cost-2022.xlsx]O&M

**WaterOne 2022 Budget  
Capital Related to New Personnel**

There are no capital projects for new personnel in 2022.

# WaterOne 2022 Budget

## PERSONNEL

### Production 2022

Position	Full Yr Salary	First Yr Salary	Benefits	O&M	Capital	Total 2022 Costs
Chemist	\$66,900	\$33,450	\$10,035	\$320	\$0	\$43,805

Department Water Quality Laboratory  
 Type Full Time  
 Start Date July

Justification The EPA is publishing long-term revisions to the Lead and Copper Rule (LCR) to improve public health protection. The proposed rule will require WaterOne to complete testing in schools and daycares regularly. The Lab currently completes approximately 60 lead and copper samples per year. It is projected the new regulation will require an additional 600 samples each year.

The new Chemist will assist with the significant addition to sample preparation and analysis. Chemist are responsible for the chain of custody tracking in the Laboratory Information Management System (LIMS), turbidity checks, acidification, pH verification, sample aliquate preparation with quality control (QC) and internal standard preparation, sample disposal, and data entry. Constant review is essential for maintaining safe water and meeting regulations.

Revisions to the LCR will require Chemists to devote time to customer coordination and communication. This includes initial outreach to establish sampling protocols, points of contact, scheduling sample drop-offs / pickups, bottle prep and labeling, LIMS ID tracking and entry, replying to general sampling questions, LCR results letter preparation, customer credits submission for residential customers, tracking and ensuring LCR list is on target for 5 year completion, coordinating with appropriate experts and third parties if high Pb are found, and report generation.

<b>Total Production</b>	<b>\$66,900</b>	<b>\$66,900</b>	<b>\$10,035</b>	<b>\$320</b>	<b>\$0</b>	<b>\$43,805</b>
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# WaterOne 2022 Budget

## PERSONNEL

### Customer Relations 2022

Position	Full Yr Salary	First Yr Salary	Benefits	O&M	Capital	Total 2022 Costs
Communications Manager	\$112,000	\$112,000	\$33,600	\$624	\$0	\$146,224

Department Communications  
 Type Full Time  
 Start Date January

Justification With this position, Communications will be able to better support division requests for creative services, including an increased focus on project communication and supporting Human Resources' communication needs. Human Resources has a contracted communication service that will wind down once there is internal support in place and ensures that employee communication is consistent, timely, and aligned with other internal communication. Driven by employee feedback, Communications will also increase output of employee newsletters and profile features, video content, and begin televising announcements on internal TVs in support of organizational culture, values, and business literacy. Emerging regulatory requirements will also be supported, specifically a second annual water quality report and the Lead & Copper Rule Revisions. Community outreach will also increase with the Quench Buggy.

As in the past, the Manager will share fully in the teams' duties to produce content and provide creative services to the organization while providing team-focused direction, prioritization, and supervision. Re-establishing a Manager position will shift duties among all Communication team members and reduces contracted O&M expenses. Direct supervisory responsibility will be delegated from the Director to the Manager although the Director maintains responsibility for media relations. The addition of this position maintains Communication FTEs below the suggested AWWA benchmark of 1 Communication professional for every 100 employees.

<b>Total Customer Relations</b>	<b>\$112,000</b>	<b>\$112,000</b>	<b>\$33,600</b>	<b>\$624</b>	<b>\$0</b>	<b>\$146,224</b>
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# WaterOne 2022 Budget

## PERSONNEL

### Human Resources 2022

Position	Full Yr Salary	First Yr Salary	Benefits	O&M	Capital	Total 2022 Costs
Custodian	\$33,510	\$16,755	\$5,027	\$120	\$0	\$21,902

Department Safety & Security  
Type Full Time  
Start Date July

Justification There has been an increase in workload with the creation of more work spaces throughout the facilities. Custodians and the Foreman have continuously worked overtime to meet standards and responsibilities.

With the upcoming addition of the Administrative Warehouse, resource constraints will continue to limit the number of tasks completed by the Custodians. The new custodian will be able to provide consistent service at Wolcott and the Missouri River locations. This position may also provide daytime coverage, assist when another custodian is out, and free up the Foreman to complete supervisory duties including scheduling and work flow planning.

<b>Total Human Resources</b>	<b>\$33,510</b>	<b>\$16,755</b>	<b>\$5,027</b>	<b>\$120</b>	<b>\$0</b>	<b>\$21,902</b>
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# WaterOne 2022 Budget

## PERSONNEL

### Legal / Auditing 2022

Position	Full Yr Salary	First Yr Salary	Benefits	O&M	Capital	Total 2022 Costs
Intern	\$7,800	\$7,800	\$624	\$0	\$0	\$8,424

Department Auditing / Legal Services  
 Type Summer  
 Start Date May

Justification Duties and projects have increased in the Auditing and Legal Services departments. To help with the workload, an intern is proposed starting in 2022. The intern will be shared by the departments and provide assistance with the following duties/projects:

- Internal Controls Review
- Annual Audit
- Consulting Projects
- SOP Updates
- Legal Research/Writing
- Legal Special Projects
- Document/Drafting Review
- Litigation Support

<b>Total Legal/Auditing</b>	<b>\$7,800</b>	<b>\$7,800</b>	<b>\$624</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,424</b>
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# WaterOne 2022 Budget

## PERSONNEL

### Information Technology 2022

Position	Full Yr Salary	First Yr Salary	Benefits	O&M	Capital	Total 2022 Costs
IT Infrastructure Engineer	\$84,700	\$84,700	\$25,410	\$540	\$0	\$110,650

Department IT Operations  
 Type Full Time  
 Start Date January

Justification A new IT Infrastructure Engineer will address expanding duties related to cybersecurity, technical problem-solving, new product integration, network management, and IT strategy development. The scope of responsibility for the new position will include the following:

Cybersecurity - This includes vigilant monitoring for potential attacks and staying educated on all potential cybersecurity risks. The IT Infrastructure engineer will update defenses against the latest threats, educate other employees on phishing tactics, and make sure that firewall barriers are protecting data.

Technical Problem Solving - When technical problems occur it can impact the productivity of many employees. Being on-call and quick to respond to these emergencies is an important part of this position. This includes both the new SCADA in the operating technology environment and the administrative information technology environment.

New Products Integration - This area of responsibility includes transitioning portions of the system to a cloud based environment, integrating the existing system with SCADA and AMI, and integrating system improvements for the disaster recovery plan.

Network Management - With the addition of the SCADA master plan, an increased number of cybersecurity threats, the transition to cloud based solutions, changing technology complexities, and the desire to integrate more of WaterOne's systems to allow for public facing capabilities, there is a significant amount of the IT Infrastructure Engineer's time needed to prepare the network for these changes.

IT Strategy Development - It is important to stay aware of the new tools available that can increase security, productivity, and customer satisfaction. Staying knowledgeable of these technologies takes time to research and analyze. Strategy related to how future growth of WaterOne will impact the network and security needs is vital going forward.

Position	Full Yr Salary	First Yr Salary	Benefits	O&M	Capital	Total 2022 Costs
Service Desk Technician	\$49,192	\$49,192	\$14,758	\$624	\$0	\$64,574

Department IT Operations  
Type Full Time  
Start Date January

Justification As the number of personnel and devices increase, the need to add IT support increases. Industry standards estimate one Service Desk Technician for every 70 employees. WaterOne has two Service Desk Technician serving almost 400 employees. Overtime as well as time contributed by the Service Desk Supervisor has been used to try to address ticket backlog.

The SCADA master plan will also generate additional equipment that will need support. Additional workstations at Facility 1, Facility 2, the Kansas and Missouri Presedimintation facilities, and Wolcott will require IT support.

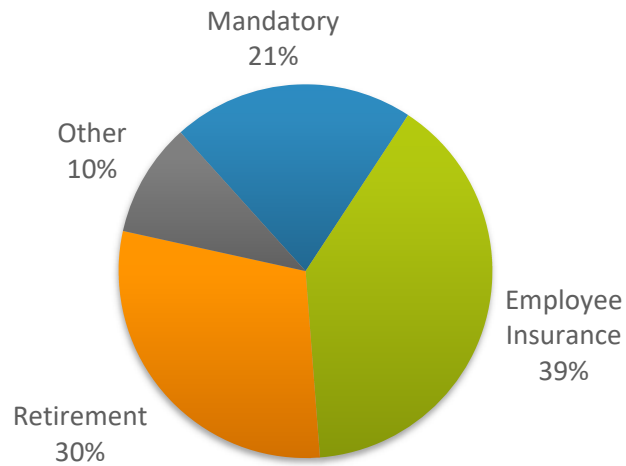
Position	Full Yr Salary	First Yr Salary	Benefits	O&M	Capital	Total 2022 Costs
Project Manager	\$112,000	\$112,000	\$33,600	\$540	\$0	\$146,140

Department Project Management Office  
Type Full Time  
Start Date January

Justification The number of IT projects continues to increase every year. Currently, there is only one dedicated project manager. Business analysts, Funtional managers and the PMO manager have been required to act as project managers in order to meet the demand for implementing projects. Business analysts fall behind on traditional job duties and risk burnout by working longer hours to meet deadlines. It also reduces time available for team management responsibilities for functional managers, and strategic planning time for the PMO manager. The ability to offer assistance across all divisions of WaterOne is limited due to lack of staff. The effectiveness and efficiency of project implementation is limited by the utilization of personnel that are not in dedicated project management roles.

<b>Total IT Division</b>	<b>\$245,892</b>	<b>\$245,892</b>	<b>\$73,768</b>	<b>\$1,704</b>	<b>\$0</b>	<b>\$321,364</b>
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## 2022 BENEFITS



	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Employee Insurance	\$4,606,613	\$5,295,176	\$5,386,310	\$91,134	1.7%
Retirement	5,408,170	3,863,927	3,779,613	<84,314>	<2.2%>
Mandatory	2,639,662	2,674,818	2,838,716	163,898	6.1%
Other	1,043,329	921,824	974,429	52,605	5.7%
<b>Benefits - Gross</b>	<b>\$13,697,774</b>	<b>\$12,755,745</b>	<b>\$12,979,068</b>	<b>\$223,323</b>	<b>1.8%</b>
Less Transfers	<\$3,003,497>	<\$2,958,643>	<\$3,117,128>	<\$158,485>	5.4%
<b>Benefits - Net</b>	<b>\$10,694,277</b>	<b>\$9,797,102</b>	<b>\$9,861,940</b>	<b>\$64,838</b>	<b>0.7%</b>

## PERSONNEL

A table and explanation of significant employee benefit expense budgets follows.

	Benefit Expenses				
	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Employee Insurance - Health	\$4,370,876	\$4,957,974	\$5,095,516	\$137,542	2.8%
FICA	2,293,275	2,321,104	2,426,349	105,245	4.5%
Pension DB - Final Pay Plan	3,102,342	2,298,176	1,932,712	<365,464>	<15.9%>
Pension DC - (New) WaterOne	420,913	469,796	539,811	70,015	14.9%
Pension DC - (New) Match	312,842	343,521	431,174	87,653	25.5%
Pension DC - WaterOne	421,823	404,646	410,280	5,634	1.4%
Worker's Compensation	316,533	330,170	387,296	57,126	17.3%
Retiree Insurance - Health	304,731	315,656	303,187	<12,469>	<4.0%>
Pension DC - Match	318,021	284,871	288,837	3,966	1.4%
Employee Insurance - Dental	188,490	210,338	211,155	817	0.4%
Pension DB - Cash Balance Plan	53,466	62,917	176,799	113,882	181.0%
Other Employee Benefits	164,857	153,250	159,595	6,345	4.1%
Employee Ins. - LT & ST Disab	111,399	116,378	121,616	5,238	4.5%
Employee Insurance - Life	117,960	123,192	117,672	<5,520>	<4.5%>
Comp & Ben Consulting Serv	92,698	66,000	68,000	2,000	3.0%
Employee Insurance - Vision	38,500	40,294	40,351	57	0.1%
Unemployment Insurance	29,853	30,544	32,071	1,527	5.0%
Other Post-Employment Ben.	778,762	0	0	0	NA
All Other	260,433	226,918	236,647	9,729	4.3%
<b>Total Benefit Expense</b>	<b>\$13,697,774</b>	<b>\$12,755,745</b>	<b>\$12,979,068</b>	<b>\$223,323</b>	<b>1.8%</b>

**Employee Insurance – Health**

The budgeted components of health insurance includes no premium rate increase, additional personnel and changes to the employee coverage mix.

**FICA**

The budget increase is due to the higher projected payroll. Increase is partially offset by higher wages not subject to Social Security and higher non-taxable benefits.

**Pension DB – Final Pay Plan**

Adjustments to this account reflect changes in payroll costs, participation rates, and amortized gains and losses to the pension trust. The budget is based on projected payroll and information from the annual actuarial report. The budget is decreasing primarily due a lower than projected normal cost calculation as a result of the final approved assumption changes from the 2020 experience study. This plan was closed to new participants effective January 1, 2014 (see 'Pension DB – Cash Balance Plan for costs related to employees hired on or after that date).

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PERSONNEL

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**Pension DC - (New) WaterOne**

This budget covers WaterOne's contribution to the employees' voluntary Defined Contribution retirement account for all employees hired on or after January 1, 2014. Eligible participants receive an amount equal to 4% of base pay in the previous calendar year into their account. The budget is based on the eligible full-time employee base salary. The increase is due to increased payroll and increased participation in the plan.

**Pension DC - (New) Match**

This budget covers WaterOne's matching contribution to the employees' voluntary Defined Contribution retirement account for all employees hired on and after January 1, 2014. Eligible participants receive a 100% match on the first 2% of base pay plus 50% of the next 5% of base pay the employee contributes. The budget is based on the projected payroll and participation rates of eligible full-time employees. The budget increase is due to additional participants entering the plan, payroll increases, and increased contribution rates.

**Pension DC - WaterOne**

This budget covers WaterOne's contribution to the employees' voluntary Defined Contribution retirement account. Eligible participants receive an amount equal to 2.5% of base pay in the previous calendar year into their account. The budget is based on the eligible full-time employee base salary. This plan is closed to new participants hired January 1, 2014, and after (see 'Pension DC - (New) WaterOne' for costs related to employees hired after that date). The increase is due to the increase in payroll but is offset by reduced participation in the plan.

**Worker's Compensation**

Policy premiums are based on experience and market conditions. The policy renews in July of each year. Premiums that are effective beginning in July 2021 will be in effect for the first half of the 2022 budget. A 3% projected rate increase is included in the budget for the second half of 2022. The increase is based on loss ratio and market conditions.

**Retiree Insurance – Health**

The budget is based on no premium rate increase and retiree projections. Budget decrease was due to a true-up to actual rates and a favorable plan mix.

**Pension DC - Match**

This budget covers WaterOne's matching contribution to the employees' voluntary Defined Contribution retirement account. Eligible participants receive a 50% match on the first 4% of base pay the employee contributes. The budget is based on projected payroll and participation rates of eligible employees. This plan is closed to new participants hired January 1, 2014, and after (see 'Pension DC - (New) Match' for costs related to employees hired after that date). The increase is due to the increase in payroll but is offset by reduced participation in the plan.

**Employee Insurance - Dental**

This budget is based on no premium increase, additional personnel and the current coverage mix.

PERSONNEL

**Pension DB - Cash Balance Plan**

The Cash Balance Plan is effective for employees hired on or after January 1, 2014. Changes to this account reflect changes in payroll costs, participation rates, and amortized gains and losses to the pension trust. The budget is based on projected payroll and information from the annual actuarial report. The budget is increasing primarily due a higher than projected normal cost calculation as a result of the final approved assumption changes from the 2020 experience study.

**Other Employee Benefits**

This budget funds various activities such as retirement events, Employee Day, Pancakes with Santa, and employee recognition. The budget increase is due to an increase in the budget for employee appreciation events.

**Employee Insurance – LT & ST Disability**

The budget increase is due to the projected payroll increase and new employees.

**Employee Insurance - Life**

The budget decrease is due to a 10% decrease in the life rate which is partially offset by an increase in payroll.

**Compensation & Benefits Consulting Services**

This budget funds compensation and benefit consulting projects. The budget increase is due to a planned compensation study starting in 2022 but was partially offset by reductions in other areas of consulting.

**Employee Insurance - Vision**

The budget is based on no premium increase, additional personnel, and current coverage mix.

**Unemployment Insurance**

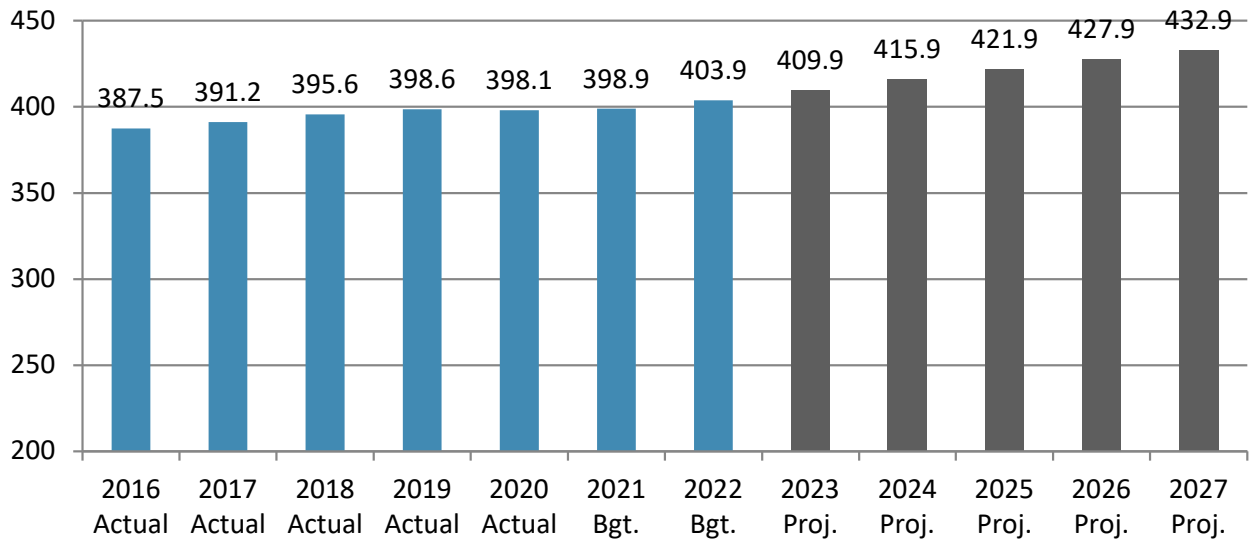
The budget is increasing due to the increase in projected payroll cost. There is no rate increase.

# WaterOne 2022 Budget

## Personnel

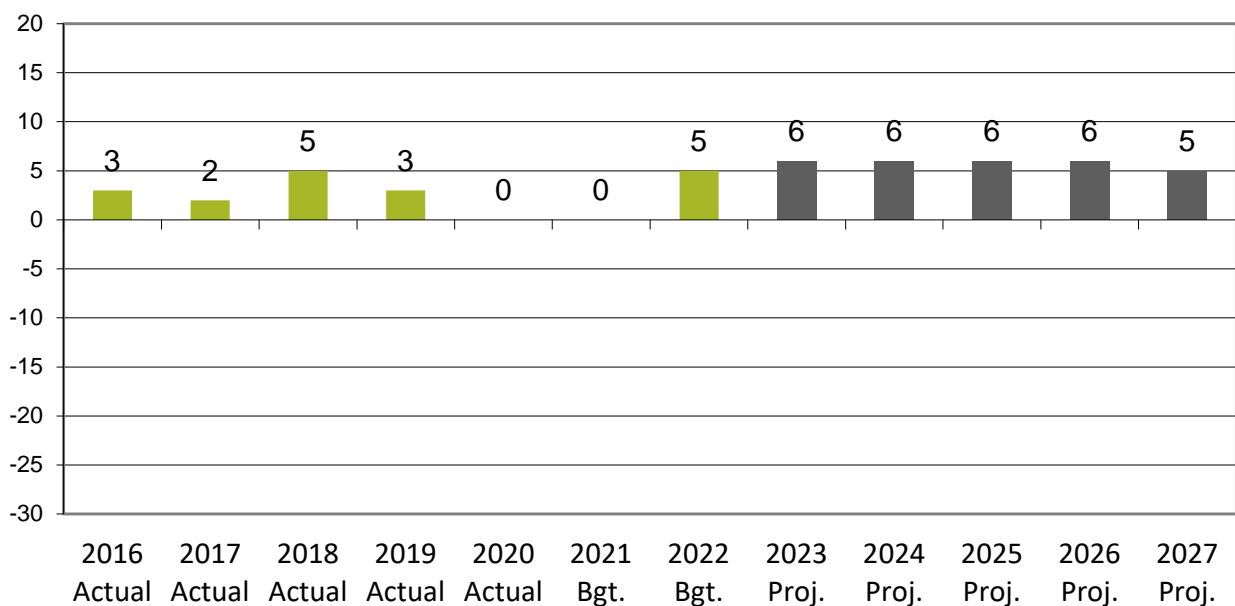
Actuals are budgeted authorized positions. Projections (■ in gray) are based on historical averages.

### History of Authorized Full Time Equivalent Employees



Full Time	377	382	387	390	389	390	395	401	407	413	419	424
Part Time	8	6	4	4	4	4	4	4	4	4	4	4
Summer	21	20	22	22	23	22	22	22	22	22	22	22
Total	406	408	413	416	416	416	421	427	433	439	445	450

### Headcount Change (Full Time, Part Time, & Summer Positions)

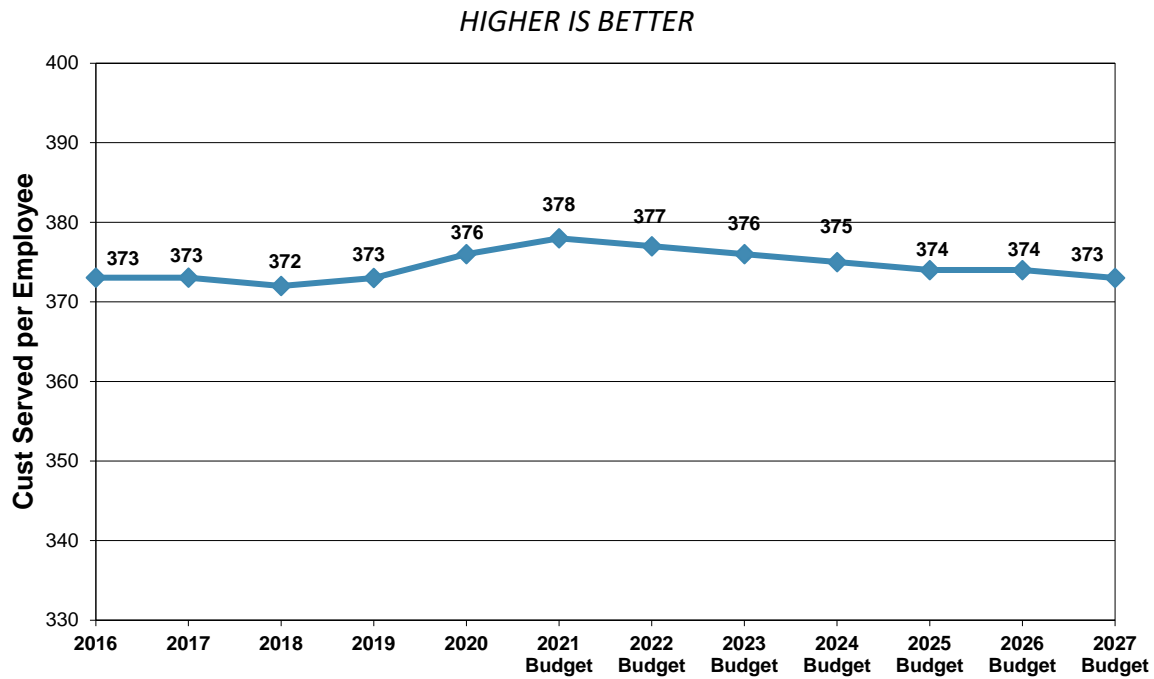




## PERSONNEL

**Average Customers Served Per Employee**

Customer growth has been relatively stable between 1,200-1,500. The 2022 projections are estimated at 1,300 customers. Average customers served per employee has been relatively stable with a small increase in 2020 due to a net reduction in the number of employees. The ratio of customers served per employee is used as a broad measure to check the balance of the number of customers to the number of personnel.



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### CAPITAL IMPROVEMENT PROGRAM

WaterOne provides water service to approximately 451,000 residents of Johnson County in 17 municipalities and encompasses 272 square miles. While WaterOne's service territory is only about 60% developed, portions of the distribution system are over 60 years old. This puts WaterOne in the position of planning and building for the growth of the system while at the same time dealing with the challenges of aging infrastructure. To meet its diverse capital needs, WaterOne has developed a Capital Improvement Program (CIP) that consists of three components.

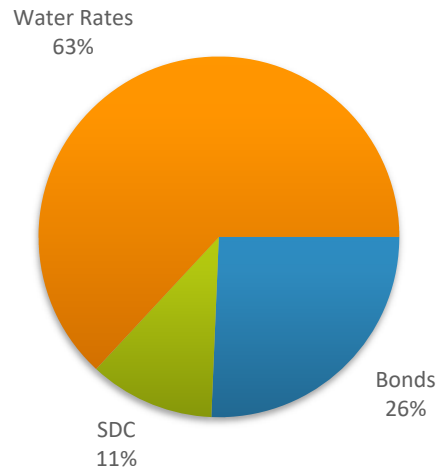
- **Master Plan** – The Master Plan includes projects to build new or replace facilities related to water treatment, pumping, storage, transmission mains, and new distribution mains. Master Plan projects are designed to increase the water supply to serve new customers and to protect existing facilities from becoming obsolete. The projects in this category are more complex, more costly, and typically have a useful life of at least 20 years. Periodically, an engineering Master Plan study is done to provide a comprehensive long-range plan for the improvement and expansion of the water system. Replacement projects that meet the Master Plan criteria are identified by a detailed assessment of existing infrastructure needs through an asset management program.
- **Transmission & Distribution (T&D)** – The T&D capital program includes spending on water main, fire hydrant, and service connection assets. T&D expenditures are categorized, planned, and reported based on the following components: distribution main replacements, distribution main relocations, general improvements, distribution main breaks, transmission main repair and replacement, and condition assessments.
- **Annual Capital** – Annual Capital consists of the current year budget plus a rolling five-year plan for new and replacement projects or equipment purchases associated with ongoing operational needs. The most significant expenditures in the Annual Capital budget include water production, information technology, distribution and fleet equipment, as well as meter replacement. In contrast to Master Plan, most of Annual Capital is spent on replacement of existing assets, and as WaterOne continues to age, the percentage of Annual Capital spent on replacement continues to increase. Annual Capital replacement projects are also identified by asset management programs, but they are usually less costly and tend to have shorter useful lives than Master Plan projects.

The major sources of funds for these capital expenditures are:

- **Water Rates** – Funds are designated on a “pay-as-you-go” basis from current water rates to fund Annual Capital, T&D, and Master Plan.
- **System Development Charges (SDCs)** – SDCs are paid by new customers when they apply for a service connection permit. The amount of the SDC, based on a growth pays for growth philosophy, is approved by the Board and is based on the results of an annual cost of service analysis. The SDC is designed so that new customers, through a “buy-in” methodology, pay for their share of the cost of capacity. SDCs are used to fund the Master Plan or pay off outstanding debt.
- **Bonds** – WaterOne issues tax-exempt revenue bonds for funding of the Master Plan when necessary. Bonds are used to fund the construction of significant expansions and replacements. The use of bonds helps avoid abnormally large water rate increases and improves equity between generations of WaterOne customers.

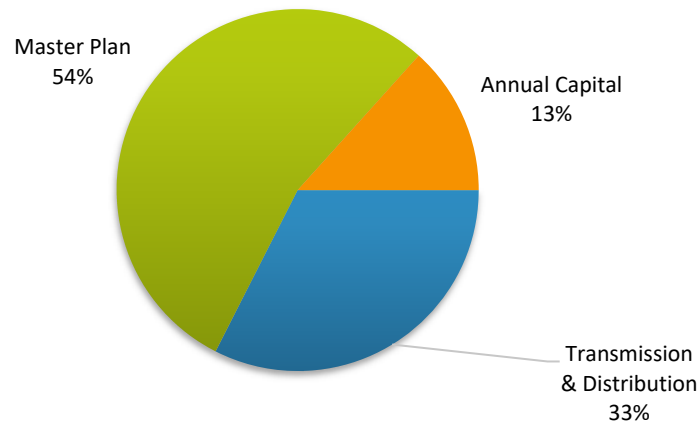
## TOTAL CIP

## CIP Funding



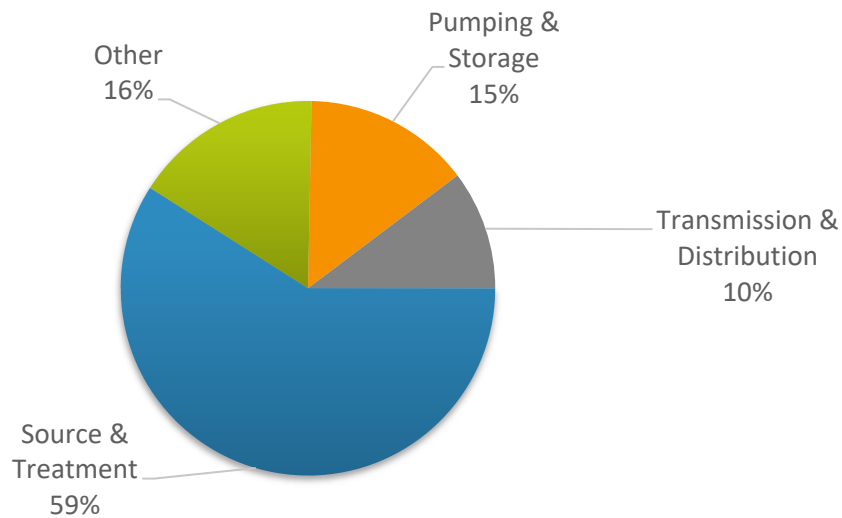
FUNDING	2022	2023	2024	2025	2026	2027	Total
Water Rates	\$41.6	\$39.6	\$44.1	\$43.8	\$47.5	\$51.2	\$267.9
SDCs	\$6.5	\$7.0	\$7.5	\$8.3	\$8.8	\$9.6	\$47.7
Bonds	\$0.0	\$43.0	\$0.0	\$66.0	\$0.0	\$0.0	\$109.0
<b>TOTAL FUNDING</b>	<b>\$48.2</b>	<b>\$89.6</b>	<b>\$51.6</b>	<b>\$118.1</b>	<b>\$56.3</b>	<b>\$60.8</b>	<b>\$424.7</b>

## CIP Expenditures



EXPENDITURES	2022	2023	2024	2025	2026	2027	Total
Master Plan	\$58.3	\$48.5	\$26.8	\$28.5	\$39.7	\$51.0	\$252.8
T&D	\$20.7	\$22.4	\$24.1	\$26.1	\$28.1	\$30.3	\$151.7
Annual Capital	\$9.5	\$10.0	\$10.3	\$10.6	\$10.9	\$11.2	\$62.3
<b>TOTAL EXPENDITURES</b>	<b>\$88.5</b>	<b>\$80.8</b>	<b>\$61.2</b>	<b>\$65.2</b>	<b>\$78.7</b>	<b>\$92.5</b>	<b>\$466.8</b>

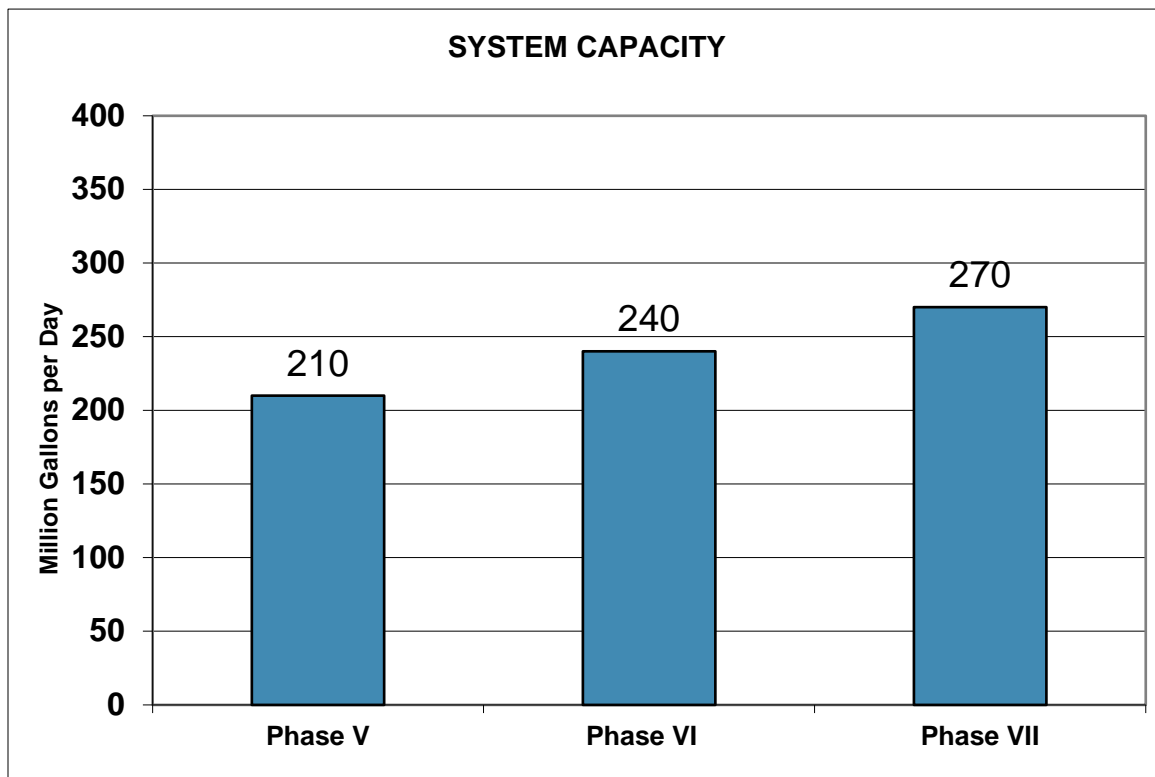
Numbers may not add due to rounding

**2022 Master Plan****Master Plan Purpose and Funding**

- **Source & Treatment** - These facilities consist of structures including river intakes, collector wells, a river weir, reservoirs, residual monofills, supply mains, and treatment plants. WaterOne's raw water is derived from several sources: the Kansas well field, an intake on the Kansas River, an intake on the Missouri River, and a collector well on the Missouri River. These four sources provide 200 million gallons per day (mgd).
- **Pumping and Storage** – These facilities consist of equipment and structures including pumps, pump stations, underground and ground-level reservoirs as well as elevated storage in water towers. Pumping provides hydraulic pressure to the distribution system to meet Board policy requirements. Storage is primarily needed to maintain adequate supply during peak demand periods, for fire protection, and to serve as emergency pressure to the system in the event of equipment failure or power interruption. There are currently 83 million gallons of storage capacity in the distribution system.
- **New & Replacement Transmission Mains and New Distribution Mains** – These facilities include water mains, pressure reducing valves, and appurtenances for the mains. Transmission mains are defined as greater than 16" in diameter. Distribution mains are 16" in diameter and smaller. New or replacement mains included in the Master Plan are primarily related to the latest Water Supply Master Plan developed by WaterOne's consulting engineers.
- **Other** – This category includes all projects that do not fit within the scope of the Pumping and Storage, Source and Treatment, or New & Replacement Transmission Mains and New Distribution Mains categories. This includes projects such as remodeling or replacements at administration facilities and upgrades to Advanced Metering Infrastructure (AMI).

## TOTAL CIP

The Master Plan was first adopted by the Board in 1977 as a long-term plan for expansion. Since then the plan has been updated periodically to accommodate changing conditions and to keep pace with growth. The plan is divided into Phases as shown in the chart below. These Phases are designed to ensure that capital investment is made at the correct time to provide an adequate supply of water without building capacity above what will be needed in the next few years.



The largest project in 2022 is the Facility 1 Improvements – Phase 1 for \$12.2M. Other large projects in 2022 include the Campus Improvements – Phase 1 for approximately \$9.5M, \$7.3M for the Redundant Power for Wyss Pumping Station and \$6.3M for MO River Well Field / Collector Wells Caisson.

Due to the more extensive scope and scale of Master Plan projects, and the corresponding larger costs typically associated with them, funding for Master Plan is more complex than that of Annual Capital. Financial modeling is done to determine the sources of funds and ensure the availability of these funds when needed. Funding for Master Plan is a combination of SDCs, designated water sales revenue, and long-term financing through tax-exempt revenue bonds.

### 2022 Master Plan Projects (Award Basis)

#### Source & Treatment

MP-19401	Facility 1 Improvements - Phase I	\$12,225,134
MP-17002	MO River Well Field / Collector Wells Caisson	\$6,321,310
MP-21121	Wolcott Membrane Module & Controls Replacement	\$5,807,545
MP-21018	MO Intake HVAC Improvements	\$2,359,558
MP-18000	Collector Well Laterals (4 ea.)	1,685,612
MP-19774	SCADA Control Panel Critical Upgrades	1,391,625
MP-20772	SCADA Data Business System Integration	1,061,610
MP-21771	Process Control Network Upgrade	1,051,453
MP-20771	Electronic Document Management and Logbook	756,434
MP-19772	SCADA Control Center and Server Room Upgrades	696,595
MP-16015	Hydro Power Generation	602,926
MP-22401	Facility 1 Improvements - Phase II	324,480
MP-23771	Instrumentation Upgrade and Asset Monitoring	160,856

**Source & Treatment** **\$34,445,138**

#### Pumping & Storage

MP-20015	Redundant Power for Wyss Pumping Station	\$7,317,871
MP-22004	Wyss Pump Station - 22.5MGD Pump	1,079,452

**Pumping & Storage** **\$8,397,323**

#### Distribution & Transmission

MP-22075	30" TM Repl Quivira Rd, 75th to 95th	\$3,458,083
MP-22069	KDOT/OP Hwy 69 Improvement - TM Relocation	2,517,485

**Distribution & Transmission** **\$5,975,568**

#### Other Facilities

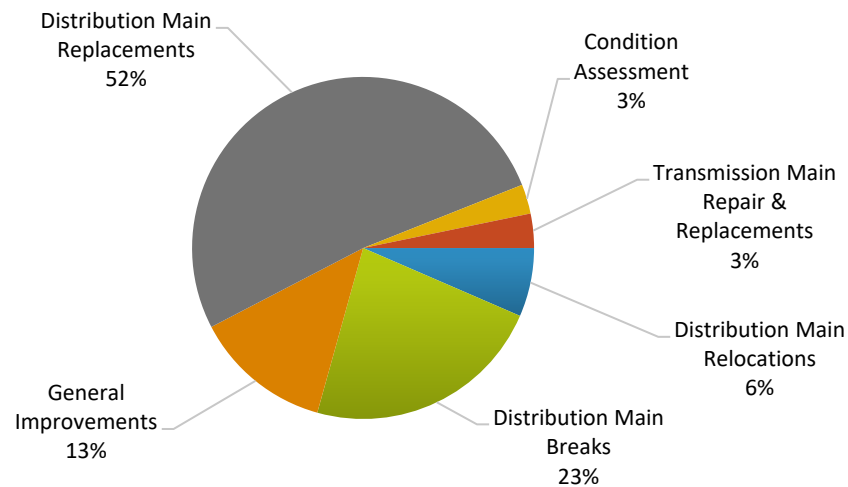
MP-20035	Campus Improvements - Phase I	\$9,529,817
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**Other Facilities** **\$9,529,817**

#### Total Master Plan (Award Basis)

**\$58,347,846**

### **2022 Transmission & Distribution Funding**



### **Transmission & Distribution Purpose and Funding**

- Distribution Main Replacements** - Main replacements are budgeted based on the results of a water main asset management project that was developed in 2003 with the most recent update completed in 2018. The objective of the project was to produce a financial model that would identify the appropriate level of main replacement due to “wear-out”. The goal is to replace all assets, including water mains, at the time which produces the lowest life-cycle cost of that particular asset. InfoAsset Planner is used to help determine prioritization of main replacement projects. Two criteria used by InfoAsset Planner to prioritize projects are:
  1. Likelihood of failure examining pipe age, diameter, material, lining, as well as soil type, pressure, main breaks within the previous two years, and total main breaks.
  2. Consequence of failure scrutinizing proximity to hospitals, schools, home, and commercial dialysis centers, and large users along with city improvement projects, master plan system upgrades and pipe improvements, mains located under roads, and population density.

Restoration of streets, curbs, and sidewalks are a significant component of replacement costs, so WaterOne communicates with the municipalities’ public works departments to coordinate the replacement of water mains with the municipalities’ street projects. The goal is to minimize costs as well as reduce traffic disruptions to the public. WaterOne continues to use and investigate various condition assessment methods to improve its knowledge of the condition of underground assets. Different replacement technologies and techniques are also being used depending on the size, location, difficulty of replacement, and the type of restoration required.

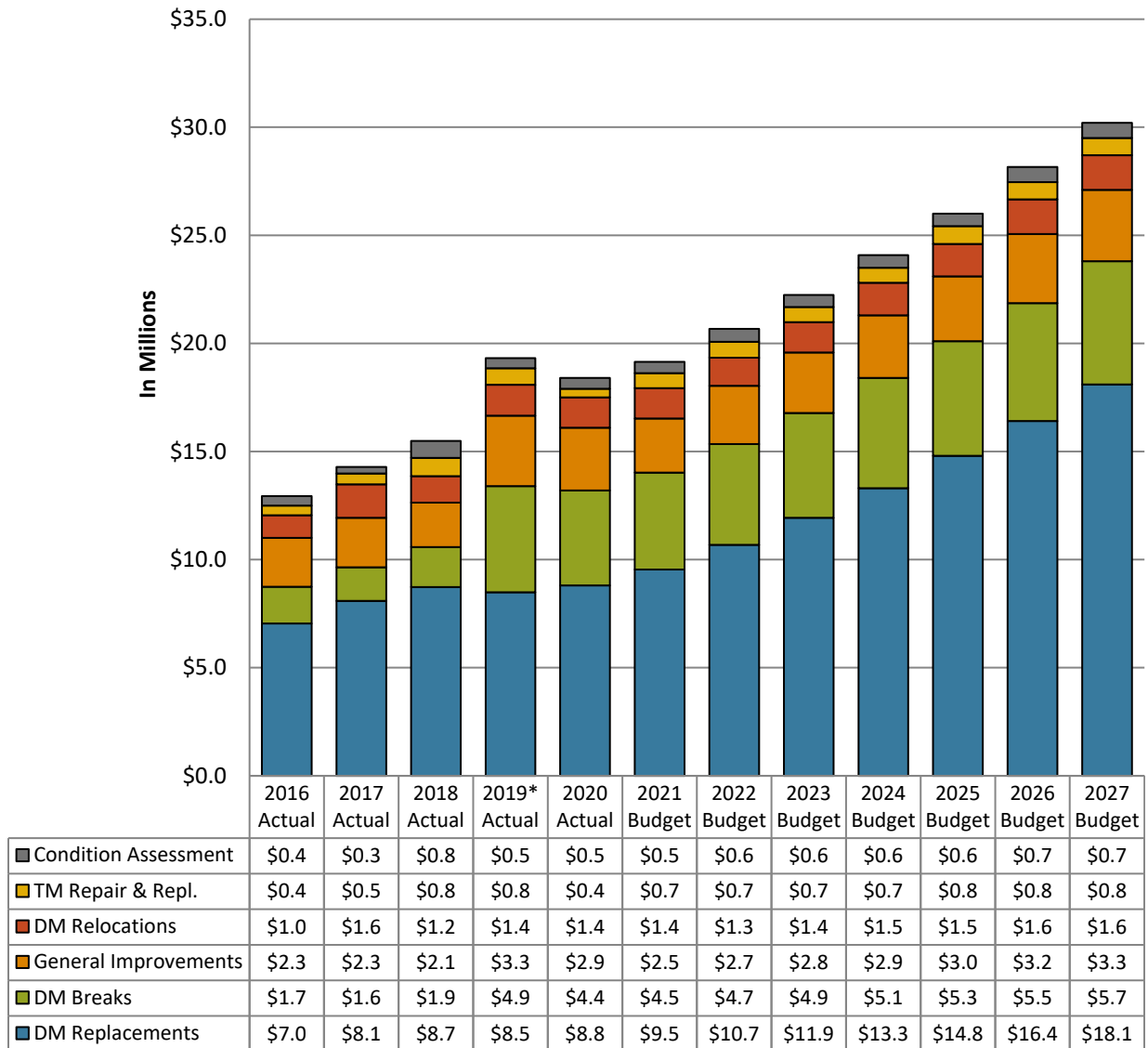


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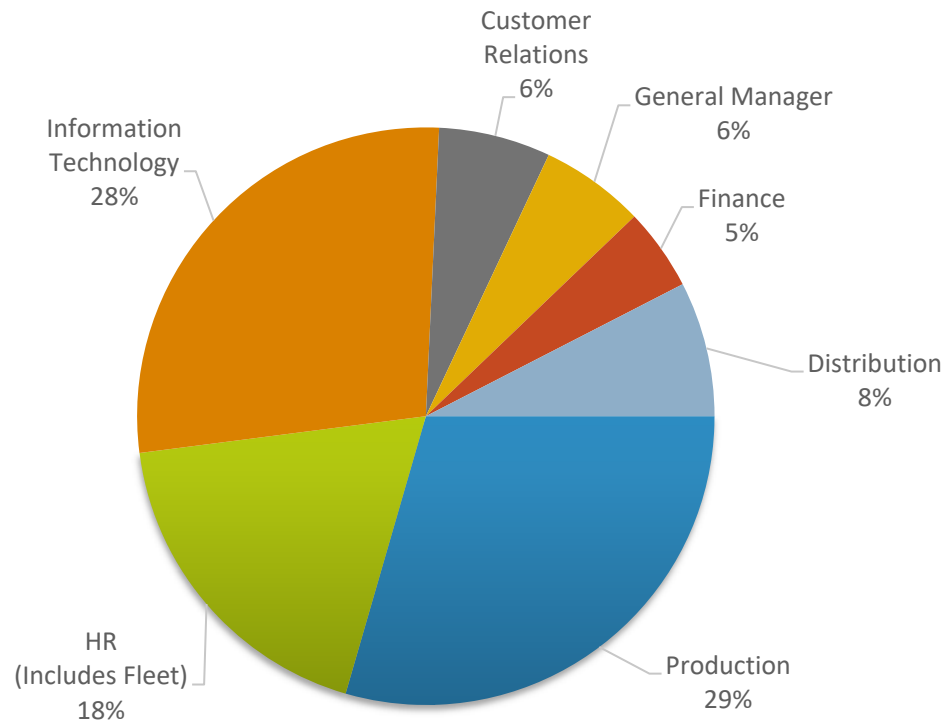
TOTAL CIP

- **General Improvements** - General system improvements include normal service connection rehabilitation, main upsizing and downsizing, and installing new mains, valves, and fire hydrants. WaterOne has approximately 150,000 service connections which are the pipe and related material that connect the water main to the meter. These service connections require ongoing replacement and rehabilitation in order to maintain a reliable water supply. Main upsizing occurs when a main is replaced with a larger diameter main to allow for increased capacity or water flow. Most upsizing is paid for by WaterOne and is done in conjunction with relocation projects to improve water flow throughout the system. Some upsizing is done when new housing and commercial development occurs and is paid for by the developer. New mains are occasionally installed to extend the system but are primarily needed to provide redundant supply or improve fire protection water flow in a particular area.
- **Distribution Main Breaks** - Main breaks are unplanned construction to replace sections of a water main or an entire fire hydrant that is broken and leaking. Previous to 2019 Distribution Main Breaks had capital and expense components. From 2019 forward, all breaks are considered capital improvements. This allows WaterOne to more accurately track the cost of main breaks while providing better internal and external transparency regarding the economic cost of main breaks. Given its aging infrastructure, the number of main breaks is expected to increase over time. WaterOne takes steps to minimize the rate of increase in breaks through a replacement program which is described in the Main Replacements section. Recent trends of declining main breaks indicate that the replacement program, in addition to operational optimizations, is effectively impacting the number of breaks.
- **Distribution Main Relocations** - These projects are constructed in coordination with street improvement projects planned by the municipalities that WaterOne serves. As the municipalities' populations grow, those municipalities' street improvement projects require main relocation, so they are not in conflict with future streets. Mains that are in the public right-of-way are paid for by WaterOne, while mains in the private easement are paid for by the requesting city.
- **Transmission Main Repair & Replacements** - This category includes transmission main breaks, minor replacements, relocations, or general improvements to a transmission main not funded in the Master Plan. New installations and extensive replacements of transmission mains are funded in the Master Plan.
- **Condition Assessment** - This category includes hiring contractors to assess transmission main condition as well as assessments completed by WaterOne staff.

## Transmission & Distribution by Category



\* Previous to 2019 Distribution Main Breaks had capital and expense components. From 2019 forward, all breaks are considered capital improvements.

**2022 Annual Capital by Division****Annual Capital Purpose and Funding**

Annual Capital is budgeted by organizational division. A listing of individual projects follows with detailed project descriptions and justifications included in the division sections later in the book.

Annual Capital projects are funded entirely from water rates, investment income, and other operating revenues following a pay-as-you-go philosophy. The first year of any six-year rolling Annual Capital budget is approved as part of the annual budget process. Projects planned in the remaining five years are not authorized until that year's budget is formally adopted by the Board. The future years serve as a guide for planning and are subject to further review and modification by staff and the Board.

# WATERONE 2022 BUDGET

## TOTAL CIP

### Annual Capital Impact on Operating and Maintenance Expenses

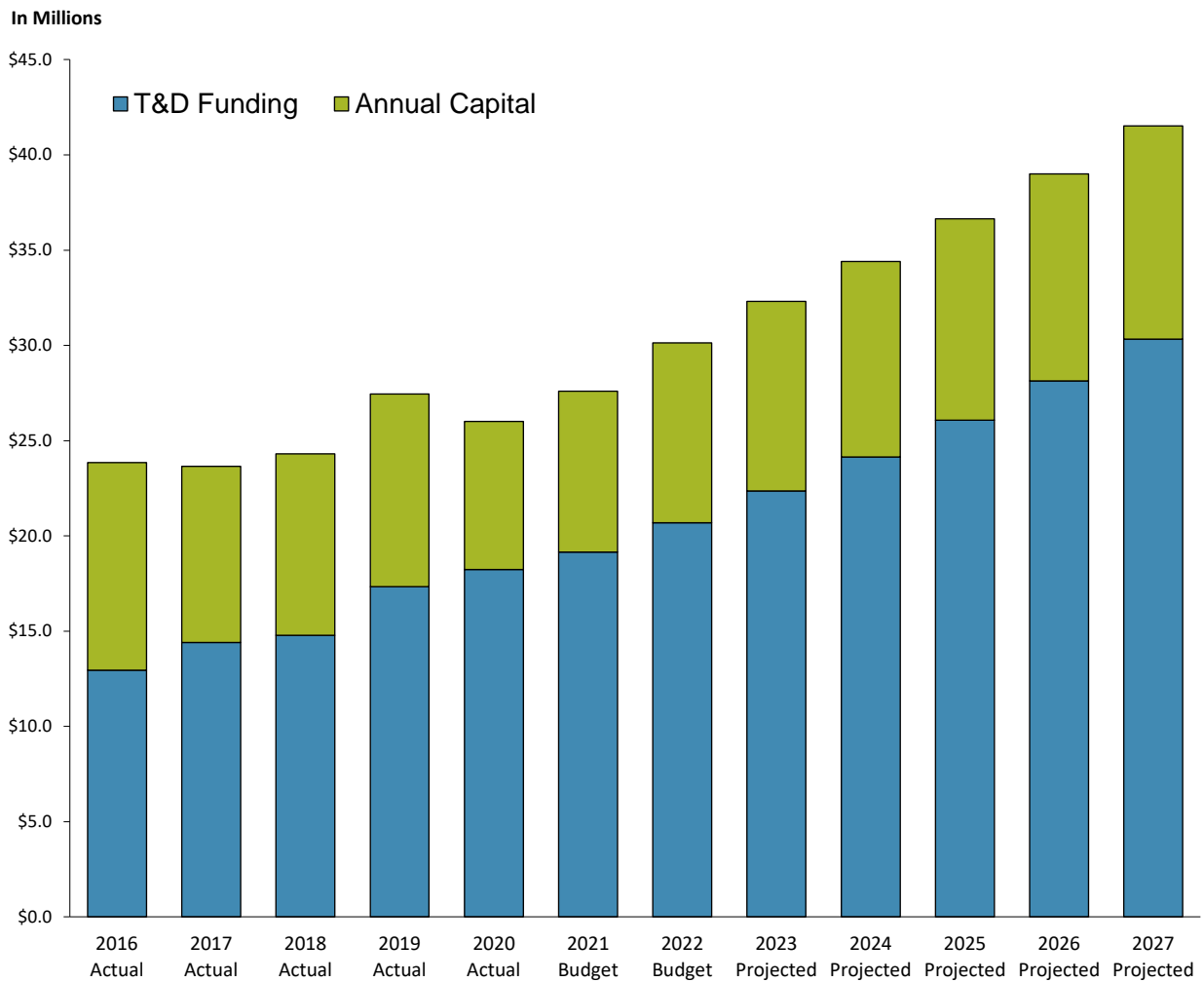
WaterOne's operating budget is directly impacted by its capital improvement program. Many of the Annual Capital projects will have ongoing operating costs that will continue to impact future budgets. Common ongoing costs include labor, maintenance, and fuel. Capital projects may also have a positive impact on the budget by increasing efficiency and reducing the use of power, chemicals, or labor.

Typically, replacement projects require similar labor and maintenance expenses as the existing assets and do not have a significant net operating impact. In 2022, approximately 94% of annual capital projects are replacement projects and the operating impact is projected to be minimal.

The table below summarizes the projected annual net operating impact of the annual capital projects by division during the current budget year and five-year plan.

Division	2022 Budget	Net Operating Impact					
		2022	2023	2024	2025	2026	2027
New							
Production	\$ 587,664	\$ -	\$ 8,500	\$ 8,670	\$ 8,843	\$ 9,020	\$ 9,201
Distribution	526,192	-	-	-	-	-	-
Customer Relations	50,371	-	4,477	4,567	4,658	4,751	4,846
Finance	434,916	34,539	34,539	34,539	34,023	34,023	33,515
Human Resources/Administration	102,983	109	109	109	109	109	109
Information Technology	-	-	-	-	-	-	-
New - Total	\$ 1,702,126	\$ 34,648	\$ 47,625	\$ 47,885	\$ 47,634	\$ 47,904	\$ 47,671
Replacement							
General Manager	\$ 552,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Production	2,198,873	-	-	-	-	-	-
Distribution	187,905	-	-	-	-	-	-
Customer Relations	541,110	-	-	-	-	-	-
Human Resources/Administration	1,643,223	(3,100)	(2,701)	(3,333)	(3,333)	(3,333)	(3,333)
Information Technology	2,624,566	-	-	-	-	-	-
Replacement - Total	\$ 7,747,874	\$ (3,100)	\$ (2,701)	\$ (3,333)	\$ (3,333)	\$ (3,333)	\$ (3,333)
Annual Capital Total	\$ 9,450,000	\$ 31,548	\$ 44,924	\$ 44,552	\$ 44,301	\$ 44,571	\$ 44,338

### HISTORY & PROJECTION OF TOTAL ANNUAL CAPITAL



T&D Funding	\$12.94	\$14.41	\$14.78	\$17.33	\$18.24	\$19.15	\$20.69	\$22.35	\$24.14	\$26.07	\$28.13	\$30.33
Annual Capital	\$10.91	\$9.24	\$9.52	\$10.12	\$7.77	\$8.46	\$9.45	\$9.96	\$10.26	\$10.57	\$10.88	\$11.20
<b>Total Annual Capital</b>	<b>\$23.85</b>	<b>\$23.65</b>	<b>\$24.30</b>	<b>\$27.45</b>	<b>\$26.01</b>	<b>\$27.60</b>	<b>\$30.14</b>	<b>\$32.31</b>	<b>\$34.40</b>	<b>\$36.64</b>	<b>\$39.01</b>	<b>\$41.53</b>

**ANNUAL CAPITAL BY DIVISION/DEPARTMENT**

<b>DIVISION/DEPARTMENT</b>	<b>2021 CAPITAL REQUESTS</b>	<b>2022 CAPITAL REQUESTS</b>	<b>PRIOR YEARS' CARRYOVERS (b)</b>	<b>GRAND TOTAL 2022 CAPITAL REQUESTS</b>
<b>PRODUCTION</b>				
Facilities Engineering	\$ 2,760,069	\$ 1,938,733	\$ 3,114,375	\$ 5,053,108
Facilities Maintenance	848,128	541,098	670,653	1,211,751
Operations	107,459	-	423,516	423,516
Water Quality Laboratory	122,571	306,706	9,548	316,254
<b>TOTAL PRODUCTION</b>	<b>\$ 3,838,227</b>	<b>\$ 2,786,537</b>	<b>\$ 4,218,092</b>	<b>\$ 7,004,629</b>
<b>DISTRIBUTION</b>				
Distribution Engineering	\$ 19,145,000	\$ 20,690,000	\$ -	\$ 20,690,000
Construction & Maintenance	232,678	694,097	213,843	907,940
Valving & Services	-	20,000	-	20,000
<b>TOTAL DISTRIBUTION</b>	<b>\$ 19,377,678</b>	<b>\$ 21,404,097</b>	<b>\$ 213,843</b>	<b>\$ 21,617,940</b>
<b>CUSTOMER RELATIONS</b>				
Meter Services	\$ 585,974	\$ 541,110	\$ 50,708	\$ 591,818
Communications	-	5,597	-	5,597
Customer Service	279,841	44,774	111,936	156,710
<b>TOTAL CUST. RELATIONS</b>	<b>\$ 865,815</b>	<b>\$ 591,481</b>	<b>\$ 162,644</b>	<b>\$ 754,125</b>
<b>FINANCE</b>				
Financial Planning & Analysis	\$ -	\$ 434,916	\$ -	\$ 434,916
<b>TOTAL FINANCE</b>	<b>\$ -</b>	<b>\$ 434,916</b>	<b>\$ -</b>	<b>\$ 434,916</b>
<b>HUMAN RESOURCES/ADMINISTRATION</b>				
Fleet Services	\$ 1,846,724	\$ 1,746,206	\$ 2,323,014	\$ 4,069,220
Safety & Security	-	-	-	-
<b>TOTAL HUMAN RESOURCES/ADMIN</b>	<b>\$ 1,846,724</b>	<b>\$ 1,746,206</b>	<b>\$ 2,323,014</b>	<b>\$ 4,069,220</b>
<b>INFORMATION TECHNOLOGY</b>				
IT Operations	\$ 721,986	\$ 2,014,515	\$ 100,000	\$ 2,114,515
Applications Development	223,872	279,840	417,831	697,671
Geospatial Services	190,291	330,211	110,000	440,211
Project Management Office	-	-	-	-
<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>\$ 1,136,149</b>	<b>\$ 2,624,566</b>	<b>\$ 627,831</b>	<b>\$ 3,252,397</b>
<b>SUB-TOTAL (CAPITAL IMPROVEMENTS)</b>	<b>\$ 27,064,593</b>	<b>\$ 29,587,803</b>	<b>\$ 7,545,424</b>	<b>\$ 37,133,227</b>
Capital Contingencies (1.8% of Total) (a)	\$ 535,407	\$ 552,197	\$ -	\$ 552,197
<b>TOTAL OFFICE OF GENERAL MANAGER</b>	<b>\$ 535,407</b>	<b>\$ 552,197</b>	<b>\$ -</b>	<b>\$ 552,197</b>
<b>GRAND TOTAL CAPITAL REQUESTS</b>	<b>\$ 27,600,000</b>	<b>\$ 30,140,000</b>	<b>\$ 7,545,424</b>	<b>\$ 37,685,424</b>

Numbers may not total due to rounding

a) Listed under General Manager tab

b) Funding Source: prior years' revenue

**PRIOR YEARS' CAPITAL CARRY-OVERS**  
Projects funded from Prior Year Revenues Carried Over to 2022

		<b>*2021 Budget</b>	<b>12-31-2021 Unspent</b>	<b>Budget Carry- Over to 2022</b>
<b>PRODUCTION</b>				
AC-19302	SCADA Task Methodology & Lifecycle Mgmt	\$ 298,709	\$ 277,944	\$ 276,366
AC-19301	SCADA Historian ODMS#1 & Data Validation	401,376	268,906	147,150
<b>Operations Department Subtotal</b>		<b>\$ 700,085</b>	<b>\$ 546,849</b>	<b>\$ 423,516</b>
AC-21604	Water Quality Lab Autoclaves	\$ 55,968	\$ 9,548	\$ 9,548
<b>Water Quality Laboratory Department Subtotal</b>		<b>\$ 55,968</b>	<b>\$ 9,548</b>	<b>\$ 9,548</b>
AC-19040	2019 Mechanical Electrical Improvements	\$ 921,026	\$ 431,185	\$ 620,000
AC-21024	Missouri Intake Pump No. 6 Replacement	503,713	503,713	503,713
AC-21004	KS Presed Electrical Improvements	321,816	321,816	321,816
AC-21017	Quivira Pump Station Controls Upgrade	223,872	223,872	223,872
AC-21010	Hansen Influent Valve Operator Repl.	251,856	251,856	210,000
AC-14100	Administrative Offices Space Study & Reconfiguration	220,023	208,064	208,064
AC-21016	Hansen Residual Pumps Replacement	154,473	154,473	154,473
AC-21023	Missouri Intake Crane Replacement	201,485	201,426	137,500
AC-20017	Wolcott Residuals System Modifications	133,124	(284,630)	135,000
AC-20204	AHQ Data Center UPS Replacement	110,845	110,845	110,845
AC-20015	2020 Mechanical Electrical Improvements	332,532	223,634	110,000
AC-21028	Hansen Fac. 1 Pump No. 2 Rebuild	102,981	102,981	102,981
OC-21008	Facility 2 South Visitor Center Conversion to Work Space	110,257	79,379	79,379
AC-21021	Wolcott Emergency Response Facilities	70,800	70,800	70,800
OC-21010	Personnel Lift	44,262	44,262	44,262
AC-19045	Facilities Concrete Repair and Sealant	66,335	51,953	25,000
AC-21205	Lamar Pump Station Metering Replacement	27,984	27,984	23,000
AC-20023	Wolcott Conference Room Furniture	22,169	22,169	22,169
AC-21022	Hansen Facilities Flooring Refurbishment	47,014	(6,821)	6,000
AC-21650	Facility 1 Inventory Control Room	83,953	14,186	5,500
<b>Facilities Engineering Department Subtotal</b>		<b>\$ 3,950,520</b>	<b>\$ 2,753,146</b>	<b>\$ 3,114,375</b>
AC-21019	Emergency Equipment Replacements	\$ 447,744	\$ 270,613	\$ 270,613
AC-21020	Online Analyzers Treatment/Distribution	223,872	223,529	223,529
AC-21027	Facility 2 Sluice Gate Actuator Repl.	176,512	176,512	176,512
<b>Facilities Maintenance Department Subtotal</b>		<b>\$ 848,128</b>	<b>\$ 670,653</b>	<b>\$ 670,653</b>
<b>PRODUCTION TOTAL</b>		<b>\$ 5,554,702</b>	<b>\$ 3,980,197</b>	<b>\$ 4,218,092</b>

**PRIOR YEARS' CAPITAL CARRY-OVERS**  
Projects funded from Prior Year Revenues Carried Over to 2022

		<b>*2021 Budget</b>	<b>12-31-2021 Unspent</b>	<b>Budget Carry- Over to 2022</b>
<b>DISTRIBUTION</b>				
AC-21008	Correlating Pods with Controller Replace	\$ 156,710	\$ 110,488	\$ 110,488
OC-21009	Pipeline Inspection Camera	78,355	78,355	78,355
AC-20009	Leak Correlator/Detection Equipment Repl	25,000	25,000	25,000
<b>Construction and Maintenance Department Subtotal</b>		<b>\$ 260,065</b>	<b>\$ 213,843</b>	<b>\$ 213,843</b>
<b>DISTRIBUTION TOTAL</b>		<b>\$ 260,065</b>	<b>\$ 213,843</b>	<b>\$ 213,843</b>

**HUMAN RESOURCES**

AF-20040	Service Body (Repl 5040) CMVS	\$ 205,063	\$ 205,063	\$ 205,063
AF-20050	Service Body (Repl 5050) CMVS	205,063	205,063	205,063
AF-20202	Service Body (Repl 5250) CMVS	205,063	205,063	205,063
AF-20004	Valve/Vac Truck (Repl 4703) CMVS	153,518	102,261	123,879
AF-21800	Low Boy Equipment Trailer (Repl 7210)	111,936	111,936	115,000
AF-19590	Service Body (Repl 5090) CMVS	110,000	110,000	110,000
AC-20070	Fuel Dispenser Replacement - AHQ	110,000	110,000	105,303
AF-17066	2 Ton Service Body (Replace 5110)	115,000	115,000	105,000
AF-17131	2 Ton Service Body (Replace 5070)	110,000	110,000	105,000
AF-19056	Service Body (Repl 5120) CMVS	105,000	105,000	105,000
AF-19260	Service Body (Repl 5260) CMVS	110,000	110,000	105,000
AF-18032	Service Body (Replace 5060)	105,000	105,000	105,000
AF-18065	Service Body (Replace 5100)	110,000	110,000	105,000
AF-18133	Service Body (Replace 5080)	105,000	105,000	105,000
AF-21113	Flatbed Dump (Repl 4701) CMVS	102,981	102,903	102,903
AF-21640	1 1/2 Ton Svc Body (Repl 4640) CMVS	90,669	90,591	90,591
AF-21103	1 Ton Service Body (Repl 4200) Fac Maint	102,981	61,601	61,601
AF-19710	Tractor (Repl 7720) CMVS	57,578	57,578	60,000
AF-20053	Trench Compactor (Repl 7053) CMVS	40,000	40,000	38,796
AF-21089	Trailer (Repl 7217) CMVS	33,582	33,582	33,582
AF-21708	Dump Truck (Repl 4708) CMVS	83,953	28,988	28,988
AF-21301	Off-Road Utility Vehicle (Repl 7301) Ops	24,402	24,389	24,389
AF-21018	Off-Road Utility Vehicle (Repl 7303) Ops	23,508	23,494	23,494
AF-18218	Trailer (Repl 7218) CMVS	19,951	19,951	19,951
AF-19240	Equipment Trailer (Repl 7240) CMVS	18,836	18,836	18,836
AC-19500	Freon Recovery Machine (New)	15,512	15,512	15,512
<b>Fleet Department Subtotal</b>		<b>\$ 2,474,596</b>	<b>\$ 2,326,811</b>	<b>\$ 2,323,014</b>
<b>HUMAN RESOURCES TOTAL</b>		<b>\$ 2,474,596</b>	<b>\$ 2,326,811</b>	<b>\$ 2,323,014</b>



**PRIOR YEARS' CAPITAL CARRY-OVERS**

Projects funded from Prior Year Revenues Carried Over to 2022

		<b>*2021 Budget</b>	<b>12-31-2021 Unspent</b>	<b>Budget Carry- Over to 2022</b>
<b>INFORMATION TECHNOLOGY</b>				
AC-19905	Records Information Mgmt Implementation	\$ 247,131	\$ 247,131	\$ 247,131
AC-20052	SAP Tool for Process Refinement	221,690	221,690	143,000
AC-19700	Electronic Signature Application (New)	27,700	27,700	27,700
	<b>Application Development Services Subtotal</b>	<b>\$ 496,521</b>	<b>\$ 496,521</b>	<b>\$ 417,831</b>
AC-21013	GIS Upgrades and Enhancements	\$ 111,936	\$ 111,936	\$ 110,000
	<b>Geospatial Services Department Subtotal</b>	<b>\$ 111,936</b>	<b>\$ 111,936</b>	<b>\$ 110,000</b>
AC-21001	Network Upgrades	\$ 223,872	\$ 212,161	\$ 100,000
	<b>IT Operations Subtotal</b>	<b>\$ 223,872</b>	<b>\$ 212,161</b>	<b>\$ 100,000</b>
	<b>INFORMATION TECHNOLOGY TOTAL</b>	<b>\$ 832,329</b>	<b>\$ 820,618</b>	<b>\$ 627,831</b>
<b>CUSTOMER RELATIONS</b>				
AC-21501	WaterOne.org Replacement	\$ 111,936	\$ 111,936	\$ 111,936
AC-20500	Remote Disconnect Meters Pilot Project	50,708	50,708	50,708
	<b>CUSTOMER RELATIONS TOTAL</b>	<b>\$ 162,644</b>	<b>\$ 162,644</b>	<b>\$ 162,644</b>
<b>GRAND TOTAL CARRY-OVERS</b>		<b>\$ 9,284,336</b>	<b>\$ 7,504,111</b>	<b>\$ 7,545,424</b>

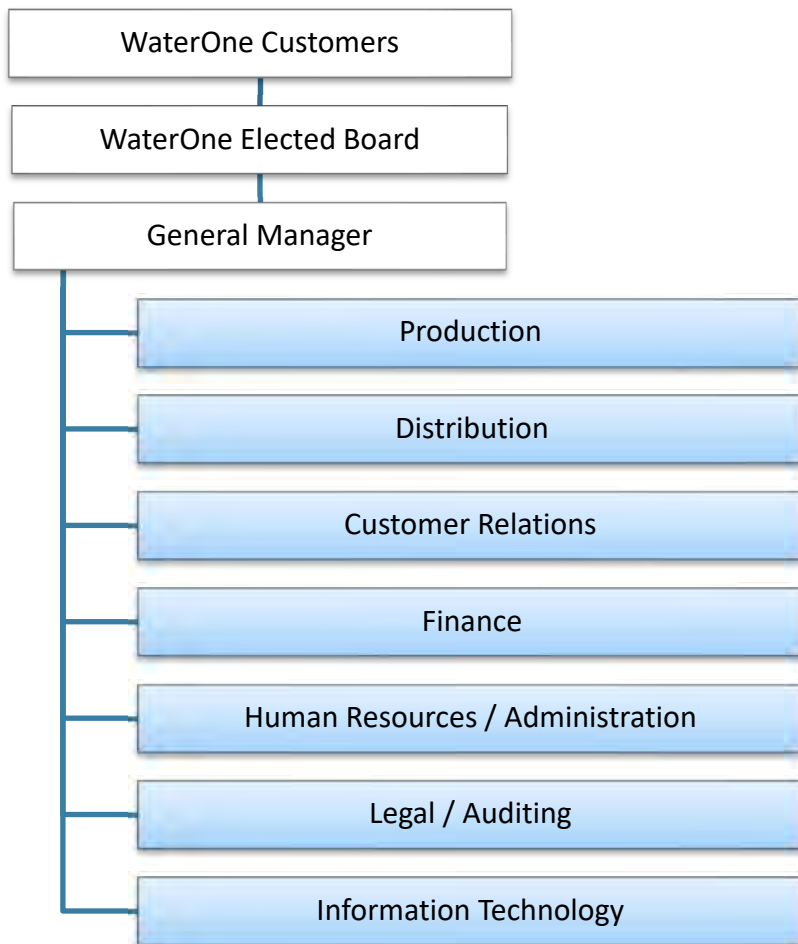
Numbers may not total due to rounding

In instances where the project carry-over amount exceeds available budget, fiscal notes were executed that approve transfer of funding from projects which were completed under budget.

\*2021 Budget amount represents the approved 2021 budget amount or carryover amount for all projects that were requested for carryover into 2021.

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## GENERAL MANAGER



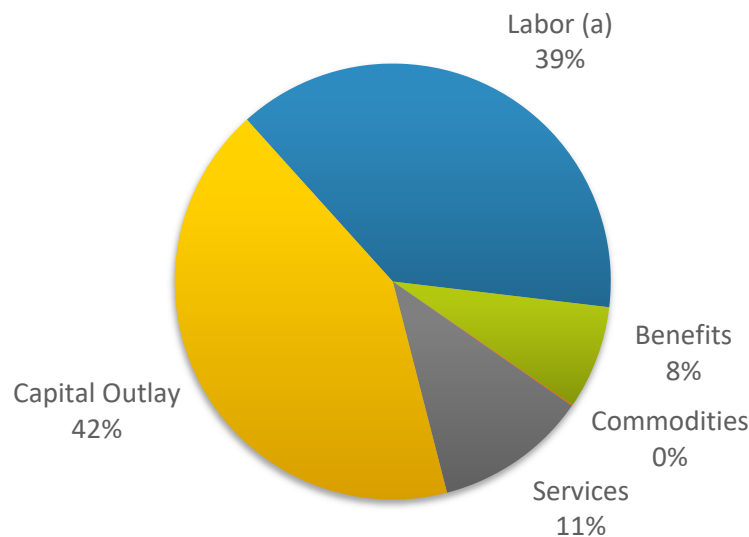
### Office of the General Manager

The General Manager provides comprehensive oversight for seven divisions throughout the utility. This administrative role ensures the utility's mission and strategic goals are successfully implemented with regard to customers, employees, and operations. The General Manager's office fosters open communication with the utility's seven-member board and communicates overall utility goals to them.

In addition to providing day-to-day administration, the Office of the General Manager also maintains a highly visible presence throughout the community. In this role, the General Manager continues to promote the utility and encourages dialogue with business, civic and political leaders.

**Mission Statement**

The Office of the General Manager ensures that individual divisions' goals and activities support the utility's mission statement: *"To provide a safe, reliable, high-quality water supply with exceptional service and value."*

**Expenditures by Major Category***Net of Transfers*

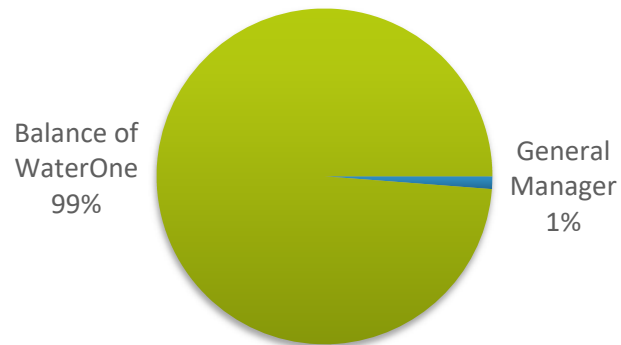
	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor (a)	\$522,321	\$479,456	\$512,036	\$32,580	6.8%
Benefits	98,972	89,486	99,945	10,458	11.7%
<b>Personnel Costs</b>	<b>\$621,293</b>	<b>\$568,942</b>	<b>\$611,981</b>	<b>\$43,038</b>	<b>7.6%</b>
Commodities	357	1,400	1,400	0	0.0%
Services	114,966	142,338	147,947	5,609	3.9%
Transfers	<9,996>	<9,013>	<9,120>	<108>	1.2%
<b>Total O&amp;M</b>	<b>\$726,620</b>	<b>\$703,668</b>	<b>\$752,207</b>	<b>\$48,540</b>	<b>6.9%</b>
Capital Outlay (b)	0	535,407	552,197	16,790	3.1%
<b>Total</b>	<b>\$726,620</b>	<b>\$1,239,075</b>	<b>\$1,304,404</b>	<b>\$65,330</b>	<b>5.3%</b>

Numbers may not add due to rounding

- a) Labor consists of wages and salaries including Board salaries.
- b) Omissions and Contingencies budgets are not assigned to particular divisions and are therefore reported in the General Manager's budget. However, as actual expenditures occur, those are reported in the responsible division. The target for the Omissions and Contingencies is approximately 2% of the total annual capital budget.

## Significant Division Operating Budgets by Cost Element

## Division in Relation to Total WaterOne O&amp;M Budget



The 2022 Significant Cost Elements are described below.

	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor - Non OT	\$450,097	\$419,456	\$452,036	\$32,580	7.8%
Benefits	98,972	89,486	99,945	10,459	11.7%
Water Board Salaries	62,441	60,000	60,000	0	0.0%
AWWA Research Foundation Fees	48,688	45,033	47,715	2,682	6.0%
Dues & Local Meetings	20,800	38,750	38,750	0	0.0%
WaterOne Memberships	29,524	32,730	33,823	1,093	3.3%
<b>Subtotal</b>	<b>\$710,522</b>	<b>\$685,455</b>	<b>\$732,269</b>	<b>\$46,814</b>	<b>6.8%</b>
All Other Accounts	26,094	27,226	29,058	1,832	6.7%
Less Transfers	<9,996>	<9,013>	<9,120>	<108>	1.2%
<b>Total O&amp;M</b>	<b>\$726,620</b>	<b>\$703,668</b>	<b>\$752,207</b>	<b>\$48,540</b>	<b>6.9%</b>

*Numbers may not add due to rounding*

GENERAL MANAGER

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GENERAL MANAGER	Full Time	Part Time	Summ/ Temp	Headcount	FTE
<b>2021 Budget</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2.0</b>
Mid-Year Reclass/Transfers (2021)	-	-	-	-	-
New Positions (2022)	-	-	-	-	-
Reclass/PT Hour Adj (2022)	-	-	-	-	-
Eliminations	-	-	-	-	-
<b>2022 Budget</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2.0</b>

**Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted.

**Employee Benefits (Transferred)**

Benefits are planned in the Human Resources/Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

**Water Board Salaries**

Board salaries are \$700/month for Board Members and \$800/month for the Board Chair.

**AWWA Research Foundation Fees**

The AWWA Research Foundation administers research programs related to providing safe, sustainable, and affordable drinking water. The fee is based on gallons produced and the population served. The 2022 budget is based on gallons produced in 2020 which were more than gallons produced in 2019.

**Dues & Local Meetings**

This budget includes memberships to local and national professional organizations, attendance at local meetings and costs associated with in-house business meetings.

**WaterOne Memberships**

WaterOne's utility memberships include the American Water Works Association, Association of Metropolitan Water Agencies (AMWA), Mo-Ark, Friends of the KAW, the Coalition to Protect the Missouri River, Kansas Rural Water Association, and Missouri River Public Water Supply. This budget also includes seven memberships in local chambers and one organizational membership. The budget increase is due to increased membership costs.

## Annual Capital

Division in Relation to  
Total WaterOne Annual Capital Budget



OC-22000	(a)	2022 Omissions & Contingencies	\$552,197
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		<b>Total Annual Capital</b>	<b>\$552,197</b>
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- a) Omissions and Contingencies budgets are not assigned to particular divisions and are therefore reported in the General Manager's budget. However, as actual expenditures occur, those are reported in the responsible division. The target for the Omissions and Contingencies is approximately 2% of the total annual capital budget.

# WaterOne 2022 Budget

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## GENERAL MANAGER

Replace

### Project Description

2022 Omissions & Contingencies

### Year

2022

### Project #

OC-22000

### Plan

\$552,197



### Justification

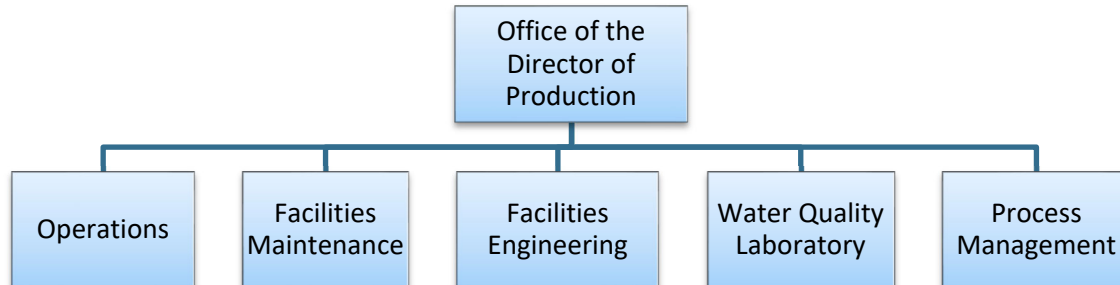
This is a contingency for unanticipated projects. Each Omissions & Contingencies project is reviewed and approved separately at the time of the request and is assigned a unique project number. The project is budgeted to be about 2% of total annual capital.

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## PRODUCTION DIVISION

### Division Organization



The Production Division is comprised of five departments: Operations, Facilities Maintenance, Facilities Engineering, Water Quality Laboratory, and Process Management.

The Operations department is responsible for the treatment of raw water and for pumping finished potable water to customers.

The Facilities Maintenance department is responsible for all aspects of maintaining WaterOne facilities, production equipment, and grounds. Functional areas included in the department are Electrical, Mechanical, HVAC, Instrument/SCADA, Analyzer, and Structures and Grounds.

The Facilities Engineering department is responsible for improvement projects related to production facilities/equipment, distribution facilities, and administrative facilities.

The Water Quality Laboratory department collects daily water samples and oversees bacteriological and chemical analysis as required by state and federal regulations. Water quality analysis is performed at all stages of water production to ensure that the water meets or exceeds regulation and performance goals.

The Process Management department is responsible for facilitating strategy development and using advanced analytics to provide technical assistance to staff regarding water treatment, water quality, monitoring, controls, and regulatory compliance matters.

### Division Objective

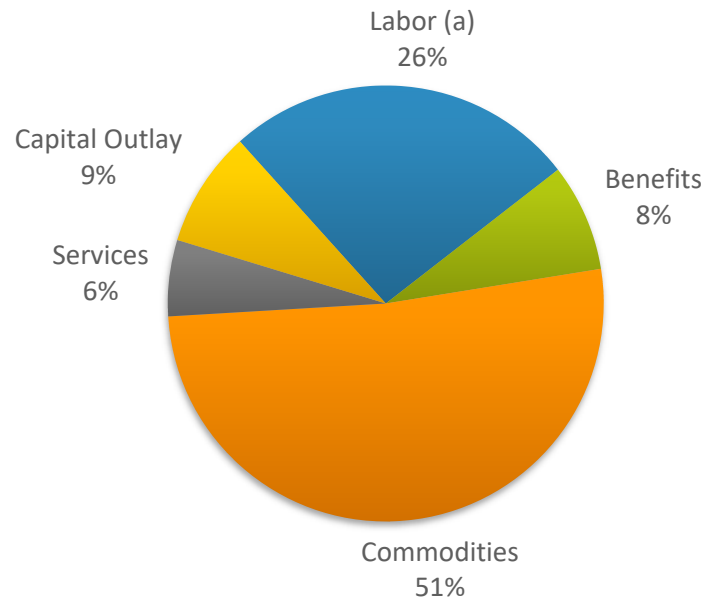
Produce and deliver high-quality drinking water to customers in a reliable and efficient manner and in quantities required to meet customer's needs, including the engineering and maintenance services necessary to accomplish that goal.

### Annual Goals And Key Performance Measures

Divisional goals for the fiscal year are located in the Strategic Plan section under "2022 Operational Goals By Division" pages 42-45. Division Key Performance Measures can also be found in the Strategic Plan section, under Monthly & Quarterly & Annual KPI Detail Reports on page 46-60.

## PRODUCTION

## Expenditures by Major Category



*Net of Transfers*

	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor (a)	\$8,539,133	\$8,801,569	\$9,073,759	\$272,190	3.1%
Benefits	2,777,649	2,568,661	2,575,689	7,027	0.3%
<i>Personnel Costs</i>	<b>\$11,316,781</b>	<b>\$11,370,230</b>	<b>\$11,649,448</b>	<b>\$279,217</b>	<b>2.5%</b>
Commodities	15,577,440	16,154,077	16,661,337	507,260	3.1%
Services	1,250,696	1,540,577	1,826,006	285,429	18.5%
Transfers	<728,026>	<568,754>	<626,582>	<57,827>	10.2%
<b>Total O&amp;M</b>	<b>\$27,416,891</b>	<b>\$28,496,130</b>	<b>\$29,510,209</b>	<b>\$1,014,079</b>	<b>3.6%</b>
Capital Outlay	2,776,478	3,838,227	2,786,537	<1,051,690>	<27.4%>
<b>Total</b>	<b>\$30,193,368</b>	<b>\$32,334,357</b>	<b>\$32,296,746</b>	<b>&lt;\$37,611&gt;</b>	<b>&lt;0.1%&gt;</b>

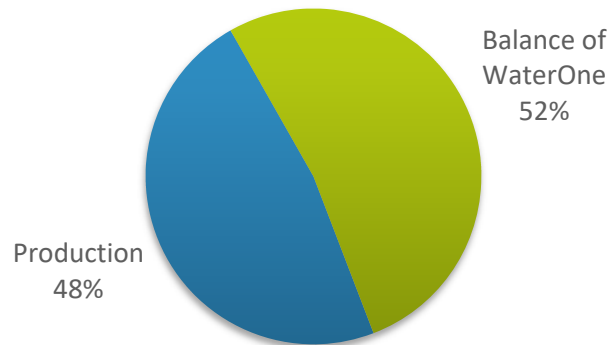
Numbers may not add due to rounding

(a) Labor consists of wages and salaries (including overtime).

## PRODUCTION

## Significant Division Operating Budgets by Cost Element

## Division in Relation to Total WaterOne O&amp;M Budget



The 2022 Significant Cost Elements are described below.

	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor - Non OT	\$8,159,865	\$8,528,902	\$8,782,459	\$253,556	3.0%
Labor - OT	247,079	272,666	291,300	18,634	6.8%
Benefits	2,777,649	2,568,661	2,575,689	7,027	0.3%
Power - Transmission	5,011,607	5,382,412	5,362,628	<19,784>	<0.4%>
Chemicals - Water Treatment	4,802,665	4,788,906	5,233,454	444,548	9.3%
Power - Source	2,453,233	2,284,558	2,437,705	153,147	6.7%
Power - Distribution	1,547,724	1,796,767	1,733,762	<63,005>	<3.5%>
Material & Supplies	824,127	765,800	795,950	30,150	3.9%
Generators - Natural Gas - Wolcott	224,560	395,790	351,972	<43,818>	<11.1%>
Clean and Inspect Facilities	190,970	210,536	312,243	101,707	48.3%
Maintenance Services	194,108	267,731	290,736	23,005	8.6%
PC Software and Maintenance	0	0	238,450	238,450	N/A
BPU Water Purchased	209,824	212,043	212,929	886	0.4%
Mowing and Landscape	204,066	196,375	212,100	15,725	8.0%
<b>Subtotal</b>	<b>\$26,847,478</b>	<b>\$27,671,148</b>	<b>\$28,831,377</b>	<b>\$1,160,228</b>	<b>4.2%</b>
All Other Accounts	1,297,439	1,393,736	1,305,414	<88,322>	<6.3%>
Less Transfers	<728,026>	<568,754>	<626,582>	<57,827>	10.2%
<b>Total O&amp;M</b>	<b>\$27,416,891</b>	<b>\$28,496,130</b>	<b>\$29,510,209</b>	<b>\$1,014,079</b>	<b>3.6%</b>

Numbers may not add due to rounding

## PRODUCTION

PRODUCTION	Full Time	Part Time	Summ/ Temp	Headcount	FTE
<b>2021 Budget</b>	<b>110</b>	<b>-</b>	<b>5</b>	<b>115</b>	<b>111.25</b>
Mid-Year Reclass/Transfers (2021)	-	-	-	-	-
New Positions (2022)	1	-	-	1	1
Reclass/PT Hour Adj (2022)	-	-	-	-	-
Eliminations	-	-	-	-	-
<b>2022 Budget</b>	<b>111</b>	<b>-</b>	<b>5</b>	<b>116</b>	<b>112.25</b>

a) Budgeted New Position: Chemist

**Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted. The budget includes one additional full time authorized position. See PERSONNEL tab for more information on budgeted additional personnel.

**Labor - OT**

Overtime is required for plant operators that work holidays and replace employees who are sick or on vacation. Facilities maintenance requires overtime for after-hour emergency repairs to WaterOne facilities.

**Employee Benefits (Transferred)**

Benefits are planned in the Human Resources/Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

**Power - Transmission**

This budget is for power from the Board of Public Utilities (BPU) for transmission of water to the distribution system. The budget for this account is based on an operational plan by month for the two treatment facilities. The budget is decreasing primarily due to a decrease in the energy rate component and credits for additional solar panel subscriptions. No BPU rate increase is budgeted for 2022.

**Chemicals – Water Treatment**

Various chemicals are used to make clean, safe, potable water. The budget for this account is based on an operational plan by month for the Kansas and Missouri intakes and the Hansen and Wolcott treatment facilities. The plan is based on projected water produced, price of chemicals, and the dose of chemical required. The budget is increasing primarily due to significant increases in prices, as well as adjustments to the doses required to more closely match current operations.

**Power - Source**

This budget is for power from the Board of Public Utilities (BPU) at source or intake facilities. The budget for this account is based on an operational plan by month for the four sources. The budget is increasing due to increased production at the Missouri River Intake facility while other facilities are out of service for capital improvement projects. The increase was partially offset by a reduction in the energy rate component. No BPU rate increase is budgeted for 2022.

## PRODUCTION

**Power - Distribution**

This budget is for power from Evergy at the pump stations throughout the distribution system. The budget for this account is based on an analysis of the historical trends for power use at each of the large pump stations. The budget decrease is due to decommissioning a pump station at 143rd street in addition to increased pump efficiencies as pumps are replaced and refurbished. There is no rate increase projected for Evergy in 2022.

**Material & Supplies**

Material and supplies are non-inventory items that are necessary to complete in-house lab services and to operate and maintain WaterOne facilities. The budget increase is due to additional lab testing supplies as in-house analysis continues to increase including expansions in lead and copper sampling. There is also a budget increase for the supplies required to maintain facilities throughout the organization.

**Generators Natural Gas - Wolcott**

This budget is for natural gas to produce a portion of the energy needed at the Wolcott Treatment Plant in lieu of purchased electricity. The budget decrease is due to lower historical rates.

**Clean and Inspect Facilities**

This budget is for the amortization of cleaning and inspection contracts for facilities such as storage tanks, basins, horizontal collector wells, and reservoirs. The budget increase is due to planned cleaning and inspecting of the Wolcott Collector Well.

**Maintenance Services**

This account is for routine maintenance services and condition assessments of laboratory equipment and production facilities. This budget is increasing primarily due to maintenance contract increases for laboratory equipment, online analyzers, and the Wolcott generators.

**PC Software and Maintenance**

This budget is for software subscriptions, maintenance, and support associated with the SCADA system. The budget was previously in the Information Technology division. The budget increase is due to an increase in the contract and additional user subscriptions required.

**BPU Water Purchased**

This budget is for water purchased from BPU at the Missouri Presedimentation and Intake Facilities. The water is used for bearing water for the pumps, potable water, and intake wash. The budget is slightly increasing due to the increased projected water produced.

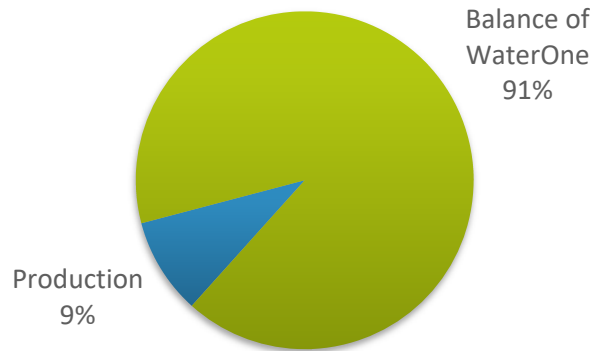
**Mowing and Landscape**

This budget is for contracted mowing, landscape, and snow removal at WaterOne facilities. These services are weather dependent and can vary each year. The budget is increasing based on anticipated contract increases due to higher fuel prices and material supply issues.

## PRODUCTION

## Annual Capital

Division in Relation to  
Total WaterOne Annual Capital Budget

**New**

AC-22990	Wolcott Raw Water Supply Modifications	\$335,808
AC-22604	Water Quality Lab ICPMS	246,259
<b>Annual Capital - New</b>		<b>\$582,067</b>

**Replacement / Refurbish**

AC-22120	Hansen Pavement Refurbishment	\$503,712
AC-22019	Emergency Equipment Replacements	447,744
AC-22800	MO River Warm Water Supply Improvements	447,744
AC-22027	Facility 2 Filter No. 27 Rebuild	335,808
AC-22710	Fleet Oil-Water Separator Replacement	111,936
AC-22400	AHQ Exterior Building Waterproofing	78,355
AC-22200	Lamar Pump Station Roof Replacement	50,372
AC-22500	O&M Exterior Building Waterproofing	47,014
AC-22650	Hansen TP Air Compressor Replacements	44,774
AC-22601	Water Quality Lab Deionization Units	33,582
AC-22690	Facility 2 Hydro Injector Replacements	29,103
AC-22070	Olathe Metering Station Upgrades	27,984

WATERONE 2022 BUDGET

PRODUCTION

AC-22602	Water Quality Lab Refrigerators	26,865
AC-22670	KS Presed Valve Actuator Replacements	19,477
<b>Annual Capital - Replace / Refurbish</b>		<b>\$2,204,470</b>
<b>Total Annual Capital</b>		<b>\$2,786,537</b>

Numbers may not add due to rounding

**Annual Capital Listed in Other Divisions:**

Projects are listed in the division responsible for project management and maintenance. Listed below are projects for which this division is the primary user, but the project detail can be found in the managing division.

AC-22810	(f)	Solar Panel License - BPU Phase II	434,916
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f) project listed in 'Finance Division'

## PRODUCTION

**Master Plan**

MP-19401	Facility 1 Improvements - Phase I	\$12,225,134
MP-17002	MO River Well Field / Collector Wells Caisson	6,321,310
MP-21121	Wolcott Membrane Module & Controls Replacement	5,807,545
MP-21018	MO Intake HVAC Improvements	2,359,558
MP-18000	Collector Well Laterals (4 ea.)	1,685,612
MP-19774	SCADA Control Panel Critical Upgrades	1,391,625
MP-20772	SCADA Data Business System Integration	1,061,610
MP-21771	Process Control Network Upgrade	1,051,453
MP-20771	Electronic Document Management and Logbook	756,434
MP-19772	SCADA Control Center and Server Room Upgrades	696,595
MP-16015	Hydro Power Generation	602,926
MP-22401	Facility 1 Improvements - Phase II	324,480
MP-23771	Instrumentation Upgrade and Asset Monitoring	160,856
<b>Source &amp; Treatment</b>		<b>\$34,445,138</b>
MP-20015	Redundant Power for Wyss Pumping Station	\$7,317,871
MP-22004	Wyss Pump Station - 22.5MGD Pump	1,079,452
<b>Pumping &amp; Storage</b>		<b>\$8,397,323</b>
MP-20035	Campus Improvements - Phase I	\$9,529,817
<b>Other Facilities</b>		<b>\$9,529,817</b>
<b>Total Master Plan (Award Basis)</b>		<b>\$52,372,278</b>
<b>Total Capital</b>		<b>\$55,158,815</b>



# WaterOne 2022 Budget

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## PRODUCTION DIVISION

New

### Project Description

Wolcott Raw Water Pipeline Modifications

### Year

2022

### Project #

AC-22990

### Plan

\$335,808



### Justification

The Wolcott raw water pipeline conveys water from the collector well to the Wolcott treatment facility. This pipeline, due to the nature of the raw water characteristics, develops iron build up on the pipe walls. This build up would eventually limit the capacity of the pipeline if unaddressed. This project will provide for several access points into the pipeline. These access points will be utilized in the future by specialized contractors to install cleaning equipment and to remove the buildup within the pipeline.

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### Project Description

Water Quality Lab ICPMS

### Year

2022

### Project #

AC-22604

### Plan

\$246,259



### Justification

This project is for the purchase of an Inductively Coupled Plasma Mass Spectrometer (ICPMS). One ICPMS is utilized in the Lab currently for lead and copper testing and customer concern investigations. Lead and copper sampling is approximately 55 samples per year and customer concern investigations can vary between three to five monthly. The new lead and copper rule will require anywhere from 500-700 new samples each year. The addition of a new ICPMS will ensure sampling capacity in the Water Quality Lab meets the new lead and copper testing regulations.

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# WaterOne 2022 Budget

## PRODUCTION DIVISION

### Replace

#### Project Description

Hansen Pavement Refurbishment

#### Year

2022

#### Project #

AC-22120

#### Plan

\$503,712



#### Justification

Several areas of the parking lot at the Hansen Treatment plant have deteriorated due to normal wear and use of the pavement surfaces. The age of the pavement varies from 10 to 20 years in certain areas. Replacing the pavement prior to further degradation will prevent damage from occurring to the subgrade and reduce the risk of further damage resulting in additional restoration costs. The useful life of pavement at Production facilities has ranged from 10 to 15 years.

#### Project Description

Emergency Equipment Replacements

#### Year

2022

#### Project #

AC-22019

#### Plan

\$447,744



#### Justification

For certain assets, the most cost-effective asset management strategy is to run the asset to failure because the consequence of failure is low or the asset was designed with redundancy. Since 2007 there has been an annual project to refurbish or replace water production equipment that has been run to failure. When these assets fail, they still need to be replaced in a timely manner which is normally difficult through the normal budget process. The budget amount is determined by reviewing a five-year history of these kinds of equipment failures.

# WaterOne 2022 Budget

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## PRODUCTION DIVISION

### Replace

#### Project Description

MO River Warm Water Supply Improvements

#### Year

2022

#### Project #

AC-22800

#### Plan

\$447,744



#### Justification

An evaluation was performed to determine the volume of warm water that would be needed to fully support the Missouri Presedimentation Facility during cold weather operations. There are two existing pumping units that currently serve the function to supply warm water from the Board of Public Utilities (BPU) Nearman Power Plant to the Missouri Presed. The original warm water pump was installed in 1988 and the second in 1994. Both pumps were then refurbished in the early 2000's. The revised volume of warm water required cannot be supplied by these pumps due to their size. This project will replace the pumping units with properly sized equipment including new power and controls circuits which will increase the operational resiliency. The warm water pumps have a 30-40 year estimated useful life which includes rebuilds over that same time period.

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# WaterOne 2022 Budget

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## PRODUCTION DIVISION

### Replace

#### Project Description

Facility 2 Filter No. 27 Rebuild

#### Year

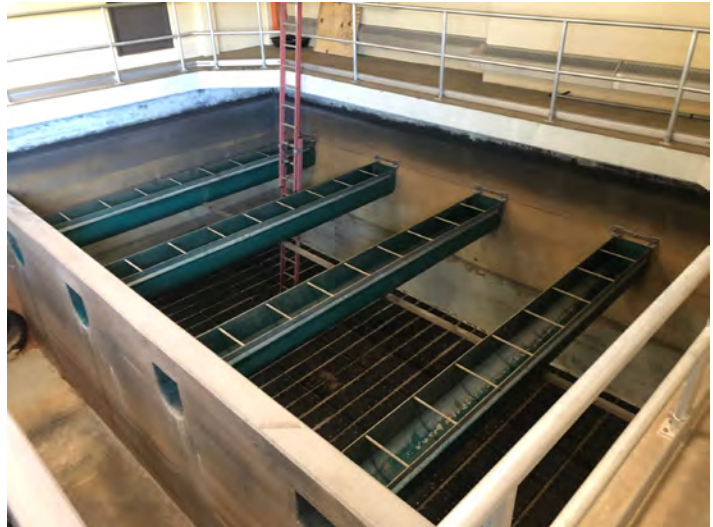
2022

#### Project #

AC-22027

#### Plan

\$335,808



#### Justification

Filter No. 27 was constructed as a part of the Facility 2, Phase III expansion, completed in 1993. This particular filter has experienced a failure of the underdrain system on one-half of the filter structure and has been taken out of Production, reducing the capacity of Facility 2 by 8 MGD. This project will replace the underdrain system as well as the filter media in this half of the filter. The work to remove the filter media was completed in the fall of 2020 so an inspection of the underdrain system could be performed. This work will allow the filter to be put back into production and return capacity. The estimated useful life of the filter underdrain system is 50 years.

---

#### Project Description

Fleet Oil-Water Separator Replacement

#### Year

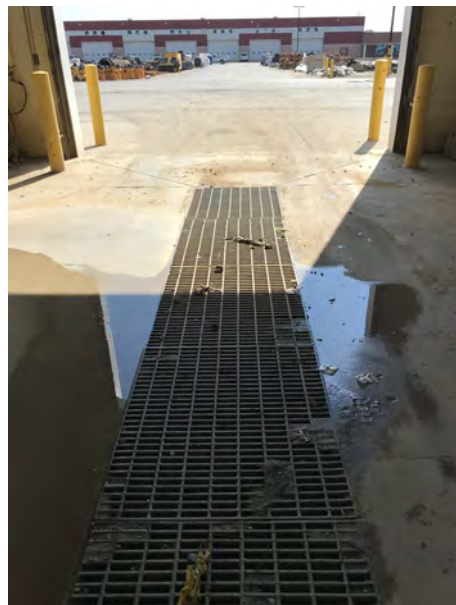
2022

#### Project #

AC-22710

#### Plan

\$111,936



#### Justification

The trench drains located along the fleet garage doors as well as the car wash discharge water flow into two oil/water separator structures. These structures allow for debris and oil to be captured prior to the waste flow entering the sanitary sewer system. Routine cleaning and inspection is required of these types of systems. During recent inspections, irreparable corrosion was observed and replacement of the equipment is recommended to ensure proper operation of the facility. This equipment was installed in 2000 during the original construction of the Administrative Headquarters and Fleet Building. The anticipated useful life of this type of equipment is 20 years.

---



# WaterOne 2022 Budget

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## PRODUCTION DIVISION

### Replace

#### Project Description

AHQ Exterior Building Waterproofing

#### Year

2022

#### Project #

AC-22400

#### Plan

\$78,355



#### Justification

Proper maintenance of a brick structure requires periodic sealing of the brick face. High quality sealers have a 10 year life span. The AHQ Facility exterior masonry was last sealed in 2012. Application of the sealer will protect the exterior surfaces and extend the life of the structure.

---

#### Project Description

Lamar Pump Station Roof Replacement

#### Year

2022

#### Project #

AC-22200

#### Plan

\$50,372



#### Justification

The roof on Lamar Pump Station was last replaced in 2002 and has reached the end of its useful life of 20 years. The existing roof construction is a built-up tar roof with aggregate ballast for weather protection. This type of roofing construction is being phased out and the new roofing material will be TPO, or Thermoplastic Polyolefin. This project will extend the life of the overall facility and provide protection to critical pumping infrastructure.

---

# WaterOne 2022 Budget

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## PRODUCTION DIVISION

### Replace

#### Project Description

O&M Exterior Building Waterproofing

#### Year

2022

#### Project #

AC-22500

#### Plan

\$47,014



#### Justification

Proper maintenance of a brick structure requires periodic sealing of the brick face. High quality sealers have a 10 year life span. The exterior masonry on the O&M Building at the Hansen Treatment Plant was last sealed in 2011. Application of the sealer will protect the exterior surfaces and extend the life of the structure.

---

#### Project Description

Hansen TP Air Compressor Replacements

#### Year

2022

#### Project #

AC-22650

#### Plan

\$44,774



#### Justification

This project will replace a total of five air compressors throughout the Hansen Treatment Plant. Compressed air is utilized at the plant to assist in operating equipment and provide continuous air flow. Two air compressors will be replaced at Facility 1, two air compressors will be replaced at Facility 2 North, and one unit will be replaced at the Water Quality Lab. All units have been in service over ten years. Units have become unreliable, refurbishment is not cost effective, and replacement parts are difficult to acquire. Replacement units will be similar in configuration and will have an expected useful life of 10 years.

---

# WaterOne 2022 Budget

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## PRODUCTION DIVISION

### Replace

#### Project Description

Water Quality Lab Deionization Units

#### Year

2022

#### Project #

AC-22601

#### Plan

\$33,582

#### Justification

This project is for the replacement of three water deionization units in the Water Quality Laboratory. These units produce water of a specific quality required during numerous testing methods. The existing units were purchased in 2011 and 2012 and have reached the end of their estimated useful life. The units have started to experience failures. The replacement deionization units will match the requirements of the existing equipment and are estimated to have a useful life of 10 years.

---



#### Project Description

Facility 2 Hydro Injector Replacements

#### Year

2022

#### Project #

AC-22690

#### Plan

\$29,103

#### Justification

This project will replace eight hydro injectors at Facility 2. Hydro injectors are utilized in piping where chemicals are fed into the treatment process. These units have been located outside and have deteriorated, creating issues with freezing. Replacement units will be an upgraded adjustable version to prevent freezing of the units and ensure quality mixing. Expected useful life on the replacement units is 10 years.

---



# WaterOne 2022 Budget

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## PRODUCTION DIVISION

### Replace

#### Project Description

Olathe Metering Station Upgrades

#### Year

2022

#### Project #

AC-22070

#### Plan

\$27,984



#### Justification

This facility is located on Renner Blvd just north of 119th St and serves as one of the interconnections between WaterOne and Olathe distribution systems. The facility was constructed in 1984 and has minor improvements made over the years. The existing flow meter was installed over 20 years ago and has reached the end of its useful life. Minor piping modifications and the replacement of isolation valves will be included. This project will provide improved control of the facility through the SCADA system.

---

#### Project Description

Water Quality Lab Refrigerators

#### Year

2022

#### Project #

AC-22602

#### Plan

\$26,865



#### Justification

This project is for the replacement of three refrigerators in the water quality laboratory. It is the final year of a three year plan to replace all units. These refrigerators are used for storing laboratory samples and/or supplies that have specific temperature requirements. The units to be replaced have reached their estimated useful life of 10 years and have begun to experience failures. They will be replaced with refrigerators matching the requirements and useful life of the existing equipment.

---



## PRODUCTION DIVISION

### Replace

#### Project Description

KS Presed Valve Actuator Replacements

#### Year

2022

#### Project #

AC-22670

#### Plan

\$19,477

#### Justification

This project will replace two valve actuators located at KS Presed Basin 1 and Basin 3. Both units are over 15 years old and have had several gear replacements. The replacement units will be the same configuration with an expected useful life of 15 years.

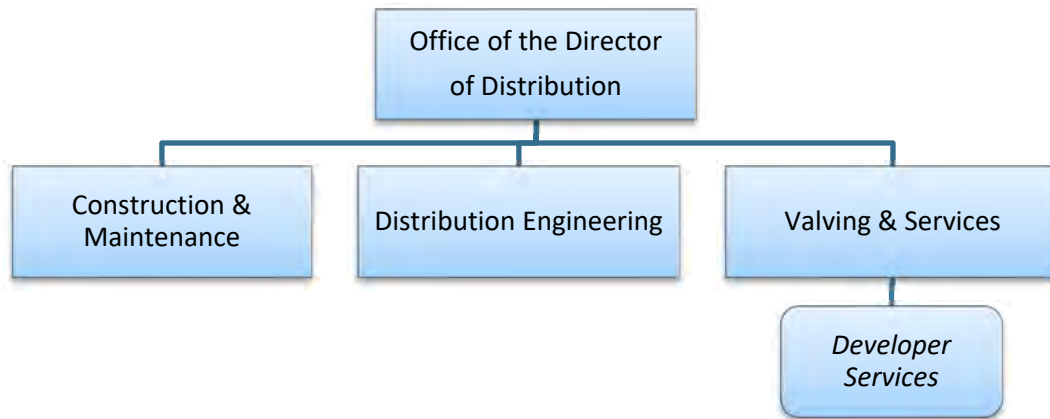
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## DISTRIBUTION DIVISION

### Division Organization



The Construction and Maintenance (CM) department is responsible for the construction, rehabilitation, and maintenance of the underground piping distribution system. This includes the replacement of pipelines; the relocation of pipelines as a result of road improvement projects initiated by governmental entities; the installation of new pipelines for improvements to the distribution system; repair of main breaks; and maintenance of all meter pits.

Distribution Engineering designs and coordinates projects to replace aging infrastructure and upgrade existing facilities. Engineering reviews and develops plans for capital improvement projects and coordinates the relocation of WaterOne pipelines with CMVS. In addition, the department is responsible for the installation of distribution piping to serve the residential and commercial development that occurs in our service territory.

The Valving and Services (VS) department is responsible for the maintenance of all the fire hydrants and valves in the distribution system. In addition, the VS department provides all dispatching functions to both the CM and VS Departments along with emergency response after normal business hours; preparation and assistance with condition assessments of transmission mains along with routine preventive maintenance of transmission mains; maintenance of pressure reducing valves within the distribution system, taps for all new water service connections and Kansas One Call locating services for WaterOne pipelines.

In the Developer Services function, the New Service Connection section works with builders, developers, plumbing contractors, and private property owners to review plans, investigate water availability, and process applications for residential and commercial service connection permits. The department also administers WaterOne's Cross-Connection Control Program, Fire Service Line Flushing Program, and handles pressure call notifications from customers.

### Division Objective

Deliver high-quality drinking water to customers in quantities required to meet their needs, reliably and efficiently, in a manner consistent with excellent customer service. Provide engineering services to the various cities served by WaterOne and the development community in a professional and timely

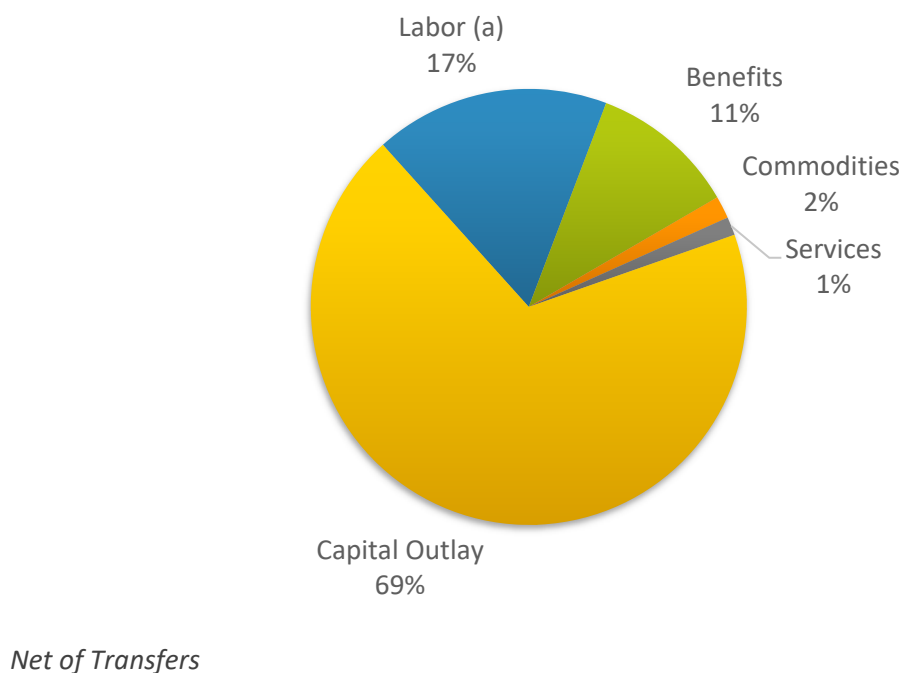
## DISTRIBUTION

manner. These activities are completed with an emphasis and focus on the safety of the public and the employees.

### Annual Goals And Key Performance Measures

Divisional goals for the fiscal year are located in the Strategic Plan section under “2022 Operational Goals By Division” pages 42-45. Division Key Performance Measures can also be found in the Strategic Plan section, under Monthly & Quarterly & Annual KPI Detail Reports on page 46-60.

### Expenditures by Major Category



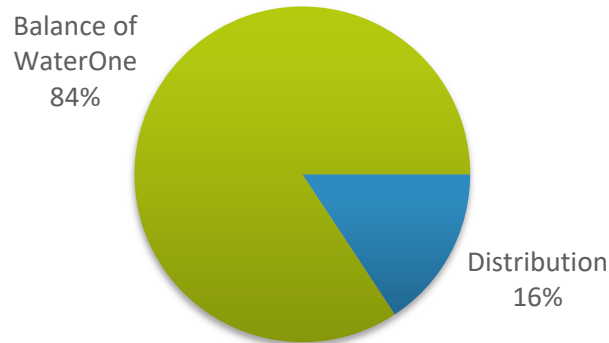
	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor (a)	\$11,627,094	\$11,516,044	\$11,988,235	\$472,191	4.1%
Benefits	3,713,864	3,370,386	3,373,980	3,594	0.1%
<i>Personnel Costs</i>	<b>\$15,340,958</b>	<b>\$14,886,430</b>	<b>\$15,362,215</b>	<b>\$475,785</b>	<b>3.2%</b>
Commodities	421,298	481,383	526,918	45,535	9.5%
Services	316,220	409,208	415,239	6,031	1.5%
Transfers	<6,164,268>	<6,286,966>	<6,556,023>	<269,057>	4.3%
<b>Total O&amp;M</b>	<b>\$9,914,209</b>	<b>\$9,490,055</b>	<b>\$9,748,349</b>	<b>\$258,294</b>	<b>2.7%</b>
Capital Outlay	18,716,731	19,377,678	21,404,097	2,026,419	10.5%
<b>Total</b>	<b>\$28,630,940</b>	<b>\$28,867,733</b>	<b>\$31,152,446</b>	<b>\$2,284,713</b>	<b>7.9%</b>

*Numbers may not add due to rounding*

(a) Labor consists of wages and salaries (including overtime).

## Significant Division Operating Budgets by Cost Element

## Division in Relation to Total WaterOne O&amp;M Budget



The 2022 Significant Cost Elements are described below.

	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor - Non OT	\$10,712,130	\$10,736,644	\$11,182,635	\$445,991	4.2%
Labor - OT	757,539	779,400	805,600	26,200	3.4%
Benefits	3,713,864	3,370,386	3,373,980	3,594	0.1%
Inventory Withdrawals	181,456	234,250	247,250	13,000	5.5%
Contracted Services	133,946	131,200	131,400	200	0.2%
Cell Phones	99,002	76,031	98,621	22,590	29.7%
Uniforms	66,124	82,283	82,418	135	0.2%
Materials and Supplies	76,566	71,500	77,300	5,800	8.1%
OT Meals	0	100	22,600	22,500	22500.0%
<b>Subtotal</b>	<b>\$15,740,627</b>	<b>\$15,481,794</b>	<b>\$16,021,804</b>	<b>\$540,010</b>	<b>3.5%</b>
All Other Accounts	337,850	295,227	282,568	<12,659>	<4.3%>
Less Transfers	<6,164,268>	<6,286,966>	<6,556,023>	<269,057>	4.3%
<b>Total O&amp;M</b>	<b>\$9,914,209</b>	<b>\$9,490,055</b>	<b>\$9,748,349</b>	<b>\$258,294</b>	<b>2.7%</b>

Numbers may not add due to rounding

## DISTRIBUTION

<b>DISTRIBUTION</b>	Full Time	Part Time	Summ/ Temp	Headcount	FTE
<b>2022 Budget</b>	150	1	10	161	153.175
Mid-Year Reclass/Transfers (2021)	-	-	-	-	-
New Positions (2022)	-	-	-	-	-
Reclass/PT Hour Adj (2022)	-	-	-	-	-
Eliminations	-	-	-	-	-
<b>2022 Budget</b>	150	1	10	161	153.175

**Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted.

**Labor - OT**

The majority of overtime planned is related to main breaks and will be transferred to capital.

**Employee Benefits (Transferred)**

Benefits are planned in the Human Resources/Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

**Inventory Withdrawals**

Inventory consists of valve parts, clamps, gaskets, pipe wrenches, marking paint, reflective cones, safety glasses, and other material used in the maintenance of the transmission and distribution system. The increase is primarily due to additional withdrawals for inventory materials used to complete maintenance of fire hydrants.

**Contracted Services**

Contracted Services consists of services that WaterOne does not have the resources for or are not cost-effective to perform in-house. Most of this budget is related to repainting the fire hydrants.

**Cell Phones**

Cell Phones include the cost of all cell phones, data devices, GPS units, enterprise-wide area networking, and hydrant audit units for Distribution. The increase in the budget is due to the upgrade to unlimited plans for all devices.

**Uniforms**

The budget includes uniform items and payroll tax based on historical actuals.

**Material & Supplies**

This account includes various items such as hardware tools, batteries, mulch bags, measuring wheels, paint, chainsaw chains, and other materials.

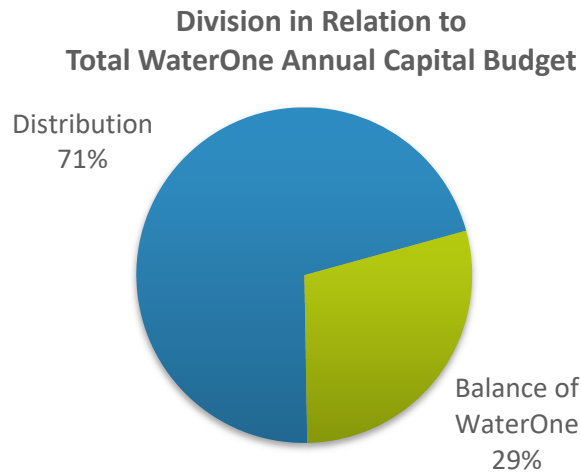
**OT Meals**

This account is for the meal allowance when an employee is required to work at least three hours of unscheduled overtime work immediately before or after regularly scheduled working hours. The

DISTRIBUTION

previous budgets were based on actual history that was not accurately capturing costs due to inconsistent charging. The new timekeeping system automatically reimburses employees.

## DISTRIBUTION

**Annual Capital****New**

AC-22111	Large Directional Drilling Machine	\$436,643
AC-22210	Hydraulic Valve Equipment	89,549
AC-22014	New Services Cost Standard Difference	20,000
<b>Annual Capital - New</b>		<b>\$546,192</b>

**Replacement / Refurbish**

RV-22001	2022 Transmission & Distribution Funding	\$20,690,000
AC-22110	Trench Boxes Replacement	167,905
<b>Annual Capital - Replace / Refurbish</b>		<b>\$20,857,905</b>
<b>Total Annual Capital</b>		<b>\$21,404,097</b>

Numbers may not add due to rounding



## DISTRIBUTION

**Annual Capital Listed in Other Divisions:**

Projects are listed in the division responsible for project management and maintenance. Listed below are projects for which this division is the primary user, but the project detail can be found in the managing division.

AF-22561	(f)	Excavator 155HP (Repl 7561) C&M	381,702
AF-22057	(f)	Hydro-Excavator Truck (Repl 5020) V&S	201,485
AF-22705	(f)	Mounted Hydro Excavator Truck (Repl 4705) V&S	167,905
AF-22203	(f)	Hydro Breaker (Repl 7562) - C&M	95,145
AF-22924	(f)	Skidsteer Track 92 HP (Repl 7524) C&M	95,145
AF-22709	(f)	Dump Truck (Repl 4709) C&M	89,549
AF-22360	(f)	Dump Trailer (Repl 7360) C&M	60,447

(f) Fleet vehicles and equipment are listed in the 'Human Resources/Administration Division'

**Master Plan Capital**

MP-22075	30" TM Repl Quivira Rd, 75th to 95th	\$3,458,083
MP-22069	KDOT/OP Hwy 69 Improvement - TM Relocation	2,517,485
<b>Total Master Plan (Award Basis)</b>		<b>\$5,975,568</b>
<b>Total Capital</b>		<b>\$27,379,665</b>

# WaterOne 2022 Budget

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## DISTRIBUTION DIVISION

New

### Project Description

Large Directional Drilling Machine

### Year

2022

### Project #

AC-22111

### Plan

\$436,643



### Justification

Directional drills are used to install piping. Advantages of directional drilling versus conventional construction include less disruption to the installation area, quicker installation, less generation of spoil materials, and the flexibility of installation around or under obstacles. There are more jobs that could be done with directional drilling than present capacity allows. Currently, WaterOne has two directional drill machines. The estimated useful life is seven years. (See payback analysis under Supplemental Schedules)

---

### Project Description

Hydraulic Valve Equipment

### Year

2022

### Project #

AC-22210

### Plan

\$89,549



### Justification

Valve turners allow valves that are stiff to be operated without placing undue stress on the valve stem or the person operating it. This should result in less breakage of valves and fewer potential injuries to personnel. One of the leading causes of shoulder injuries is operating valves by hand. Valves that won't seat and are leaking through can be repetitively cycled quickly to get a positive shut-off instead of having to back up the valve which puts more customers out of service. This project will purchase 4 truck mounted valve turners. The estimate useful life is 8-10 years.

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# WaterOne 2022 Budget

## DISTRIBUTION DIVISION

### New

#### Project Description

New Services Cost Standard Difference

#### Year

2022

#### Project #

AC-22014

#### Plan

\$20,000

#### Justification

This project collects any costs associated with new service connections that are not captured by the New Service Connection Standard charged to the customer. This represents less than 1% of the expected New Service Connection tap.



# WaterOne 2022 Budget

## DISTRIBUTION DIVISION

### Replace

#### Project Description

2022 Transmission & Distribution Funding

#### Year

2022

#### Project #

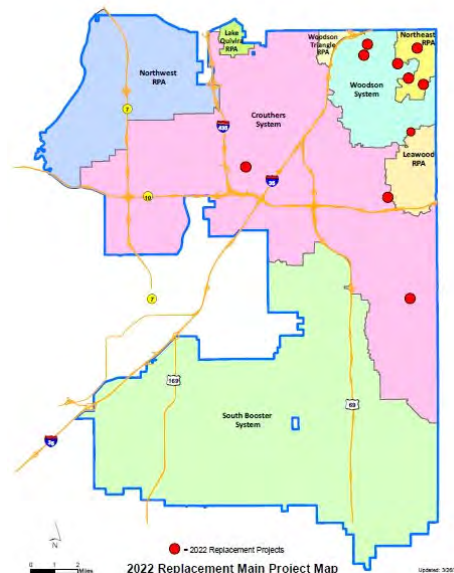
RV-22001

#### Plan

\$20,690,000

#### Justification

Replacements - \$10,680,000; Main Breaks - \$4,720,000; GI - \$2,700,000; Relocations - \$1,345,000; TM Capital - \$670,000; Condition Assessment - \$575,000 The Nessie Model replacement mileage target for 2022 is 15.1. The main break budget is based on a three-year average of 593 breaks at \$8,000 per break.



#### Project Description

Trench Boxes Replacement

#### Year

2022

#### Project #

AC-22110

#### Plan

\$167,905

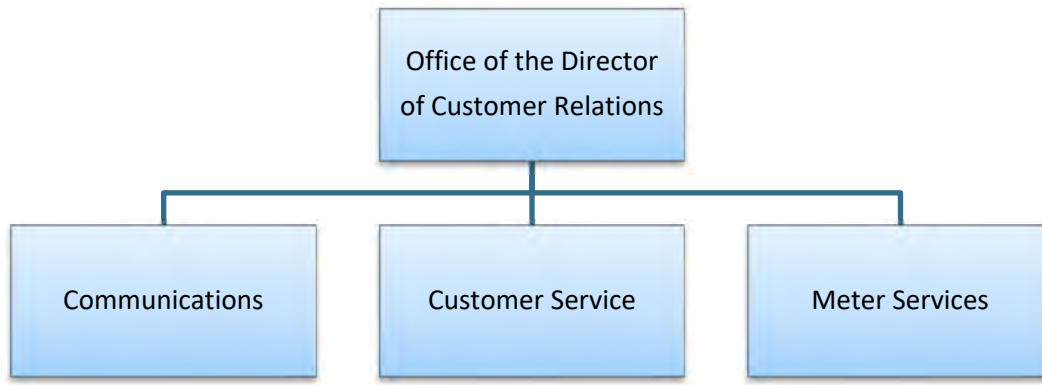
#### Justification

Trench boxes, also known as trench shields, are structures made of either steel or aluminum which are used to protect utility workers from wall collapse while performing their construction responsibilities or tasks within a trench greater than five feet in depth. The current boxes are seven to ten years old. The useful life is estimated at ten years but varies due to the conditions in which the boxes have been used. This budget is for the purchase of 5 trench boxes.



## CUSTOMER RELATIONS DIVISION

### Division Organization



The Customer Relations Division is responsible for planning, organizing, and directing the full range of customer-related functions. This includes all aspects of customer service, meter services, billing, collections, and communications. The division relies on its data analysis to ensure the accuracy of its systems as well as the development of business solutions to improve efficiency and levels of service.

The Customer Service department delivers responsive, knowledgeable, and professional services direct-to-customer. Customer Service is comprised of the customer care call center and all aspects of account management, including billing and collections activities. At WaterOne customer service is everyone's job, so the department's role must also be that of champion for the customer experience across the organization.

The Meter Services department captures accurate, timely consumption data for billing to begin the meter-to-cash process and delivers high-quality customer service in the field while conducting high bill courtesy checks and stuck meter investigations. It also ensures the operability and accuracy of meters through an annual meter testing program, responding to pressure checks, leak investigations, control reads for automated meters, and systematic meter infrastructure maintenance and replacement.

The Communications department leverages traditional and new media platforms and tools to strategically engage WaterOne's stakeholders, building trust, confidence, and goodwill by demonstrating the value of service. WaterOne's audience includes customers, employees, government and community partners, media, future customers, and other water utilities. Communications also engages in informational marketing campaigns for behavior change such as smart watering and emergency alert sign-ups.

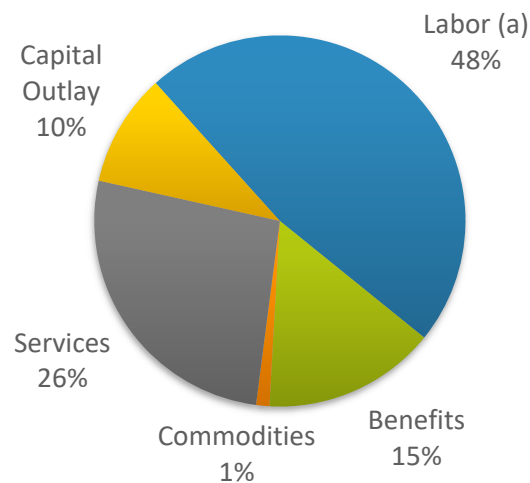
### Division Objective

Deliver outstanding service to the utility's customers by being responsive to their needs, delivering timely and informative communications, and providing accurate account management.

### Annual Goals And Key Performance Measures

Divisional goals for the fiscal year are located in the Strategic Plan section under “2022 Operational Goals By Division” pages 42-45. Division Key Performance Measures can also be found in the Strategic Plan section, under Monthly & Quarterly & Annual KPI Detail Reports on page 46-60.

### Expenditures by Major Category



*Net of Transfers*

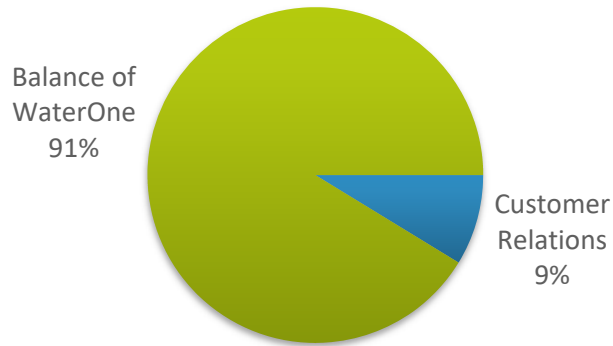
	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor (a)	\$2,919,457	\$2,786,492	\$2,943,563	\$157,071	5.6%
Benefits	957,674	918,011	906,005	<12,005>	<1.3%>
<i>Personnel Costs</i>	\$3,877,131	\$3,704,503	\$3,849,568	\$145,066	3.9%
Commodities	33,639	63,570	69,115	5,545	8.7%
Services	1,292,991	1,577,906	1,588,199	10,293	0.7%
Transfers	<124,700>	<100,062>	<89,244>	10,818	<10.8%>
<b>Total O&amp;M</b>	<b>\$5,079,061</b>	<b>\$5,245,917</b>	<b>\$5,417,639</b>	<b>\$171,722</b>	<b>3.3%</b>
Capital Outlay	919,349	865,815	591,481	<274,334>	<31.7%>
<b>Total</b>	<b>\$5,998,410</b>	<b>\$6,111,732</b>	<b>\$6,009,120</b>	<b>&lt;\$102,612&gt;</b>	<b>&lt;1.7%&gt;</b>

*Numbers may not add due to rounding.*

(a) Labor consists of wages and salaries (including overtime).

## Significant Division Operating Budgets by Cost Element

## Division in Relation to Total WaterOne O&amp;M Budget



The 2022 Significant Cost Elements are described below.

	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor - Non OT	\$2,825,278	\$2,756,783	\$2,918,644	\$161,861	5.9%
Benefits	957,674	918,011	906,005	<12,005>	<1.3%>
AMI Services	266,934	537,432	537,432	0	0.0%
Water Billing Services	440,348	456,908	459,327	2,419	0.5%
PC Software & Maintenance	34,368	85,700	130,467	44,767	52.2%
Uncollectible Accounts	89,107	179,854	123,950	<55,904>	<31.1%>
Communications Services	64,044	108,907	104,107	<4,800>	<4.4%>
<b>Subtotal</b>	<b>\$4,677,754</b>	<b>\$5,043,595</b>	<b>\$5,179,932</b>	<b>\$136,338</b>	<b>2.7%</b>
All Other Accounts	526,007	302,384	326,950	24,566	8.1%
Less Transfers	<124,700>	<100,062>	<89,244>	10,818	<10.8%>
<b>Total O&amp;M</b>	<b>\$5,079,061</b>	<b>\$5,245,917</b>	<b>\$5,417,639</b>	<b>\$171,722</b>	<b>3.3%</b>

Numbers may not add due to rounding.

## CUSTOMER RELATIONS

CUSTOMER RELATIONS	Full Time	Part Time	Summ/ Temp	Headcount	FTE
<b>2021 Budget</b>	<b>41</b>	<b>-</b>	<b>4</b>	<b>45</b>	<b>42.6</b>
Mid-Year Reclass/Transfers (2021)	-	-	-	-	-
New Positions (2022)	1	-	-	1	1
Reclass/PT Hour Adj (2022)	-	-	-	-	-
Eliminations	-1	-	-1	-2	-1.25
<b>2022 Budget</b>	<b>41</b>	<b>-</b>	<b>3</b>	<b>44</b>	<b>42.35</b>

(a)

(b,c)

a) New Authorized Position: Communications Manager

b) Elimination of Meter Reading Foreman position realized through AMI implementation

c) Elimination of 1 Summer Meter Maintenance position

**Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted. The budget includes one additional full time authorized position and one full time and one summer elimination. See PERSONNEL tab for more information on budgeted additional personnel.

**Employee Benefits (Transferred)**

Benefits are planned in the Human Resources/Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

**AMI Services**

The budget for Advanced Metering Infrastructure (AMI) includes all fees related to the network, software, data management, and customer portal for the year.

**Water Billing Services**

This account is for the outsourced printing and mailing of water bills. There are two items in this budget. The first is water bills, which include regular, corrected, and final bills. The second part of the budget is for dunning notices. The budget for both water bills and dunning notices has increased slightly due to customer growth as the budget is based on the average price per customer.

**PC Software and Maintenance**

The budget reflects maintenance charges of Notify JoCo, Integrated Customer Experience Dashboard, and the meter test bench. The budget increase is due to annual fees associated with the Integrated Customer Experience Dashboard and the addition of the contact center solution implemented in early 2021.

**Uncollectible Accounts**

This is the estimated cost for uncollected water bills. Unpaid final bills are referred to an outside agency for collection, considered uncollectible, and written off. Due to rising unemployment rates and negative economic projections, this percentage was raised in 2021, but it is returning to 0.10% of total water sales revenue for 2022.



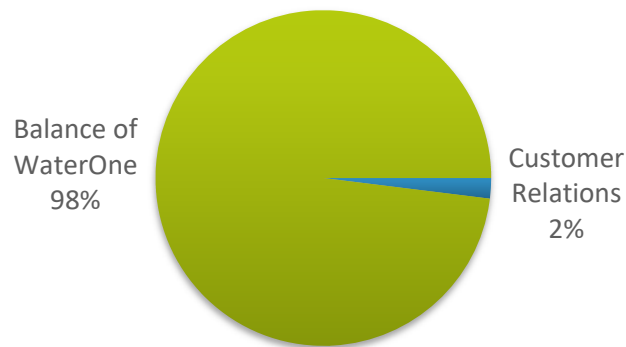
## CUSTOMER RELATIONS

**Communications Services**

This account includes customer satisfaction surveys, communications-specific contract services, and miscellaneous fees for platforms providing survey and email templates as well as social media management. The decrease in the 2022 budget is due to a reduction in external graphic design and contract services.

**Annual Capital**

Division in Relation to  
Total WaterOne Annual Capital Budget

**New**

AC-22503	Integrate MyAccount w/ Water Billing Svc	\$44,774
AC-22502	Water Bottle Refill Station	5,597
<b>Annual Capital - New</b>		<b>\$50,371</b>

**Replacement / Refurbish**

AC-22006	Annual Meter Replacement Program	\$514,917
AC-22501	Smart Point Replacements	26,193
<b>Annual Capital - Replace / Refurbish</b>		<b>\$541,110</b>
<b>Total Annual Capital</b>		<b>\$591,481</b>

*Numbers may not add due to rounding*

# WaterOne 2022 Budget

## CUSTOMER RELATIONS DIVISION

New

### Project Description

MyAccount SSO Connection to EBPP

### Year

2022

### Project #

AC-22503

### Plan

\$44,774



### Justification

In 2020, Customer Relations implemented the entire Integrated Customer Experience Dashboard (MyAccount) solution from the ground up. This project is to integrate the solutions to present a single sign on option for the customer.

### Project Description

Water Bottle Refill Stations

### Year

2022

### Project #

AC-22502

### Plan

\$5,597



### Justification

This project is to install two water bottle refill stations at the AHQ as a pilot program for Additional installation at WaterOne facilities and potentially part of a future school outreach program. The two locations for this project will be the drinking fountains on the south side of the WaterOne lobby by the Customer Service desk and at the drinking fountains near the Customer Relations area off the main center hall.

# WaterOne 2022 Budget

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## CUSTOMER RELATIONS DIVISION

### Replace

#### Project Description

Meter Replacement Program

#### Year

2022

#### Project #

AC-22006

#### Plan

\$514,917



#### Justification

This project is the annual program for the replacement of defective meters and meters that have reached the end of their useful life. This project is the normal replacement plan for all meters which is approximately 4,430 meters for 2022.

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#### Project Description

Smart Point Replacement Program

#### Year

2022

#### Project #

AC-22501

#### Plan

\$26,193



#### Justification

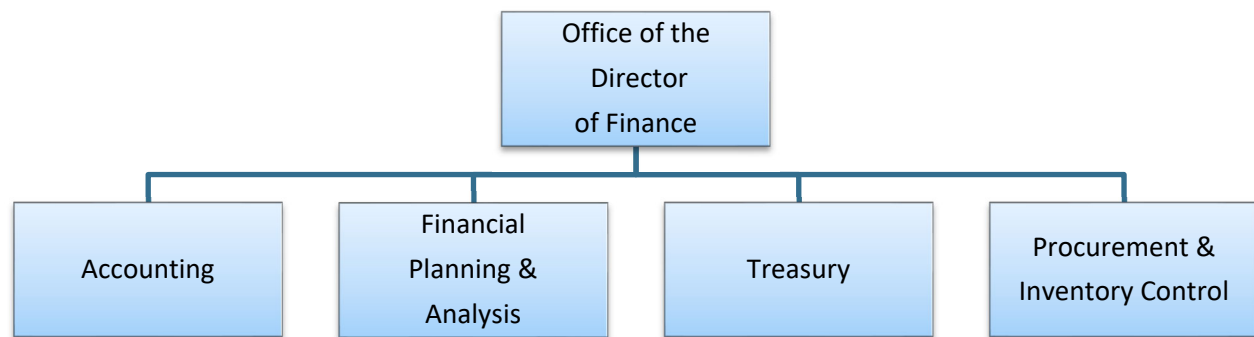
This project will replace AMI Smart Point devices that become damaged and are no longer under warranty. This budget includes approximately 360 Smart Point replacements.

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## FINANCE DIVISION

### Division Organization



The Accounting Department ensures that financial activities are accurately identified, recorded and reported on a timely basis in compliance with Generally Accepted Accounting Principles.

The Financial Planning & Analysis Department develops annual and long-term financial plans utilizing various modeling tools. The department analyzes the revenue structure to maintain equitable rates and to ensure adequate funds are available to achieve WaterOne’s strategic goals. The department is also responsible for cash flow planning and investing available funds with the goal of ensuring the safety of principal, maintaining adequate liquidity, and maximizing yield.

The Treasury Department is responsible for maintaining WaterOne’s banking relationship and for debt management including coordinating arbitrage calculations.

Procurement is responsible for the requisition of materials, supplies, and services for WaterOne. Inventory Control is responsible for warehousing, inventory management, the receipt and issuance of materials, and quality control. The department also administers the purchasing card program.

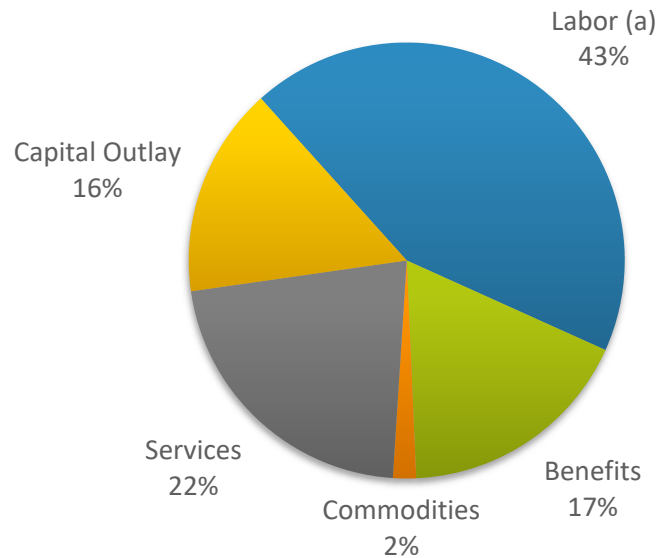
### Division Objective

Assure the overall financial strength of WaterOne through effective planning and the establishment of sound financial controls and reporting mechanisms. Provide the materials and equipment needed to proactively manage WaterOne’s infrastructure with excellent customer service and support.

### Annual Goals And Key Performance Measures

Divisional goals for the fiscal year are located in the Strategic Plan section under “2022 Operational Goals By Division” pages 42-45. Division Key Performance Measures can also be found in the Strategic Plan section, under Monthly & Quarterly & Annual KPI Detail Reports on page 46-60.

## Expenditures by Major Category



## Net of Transfers

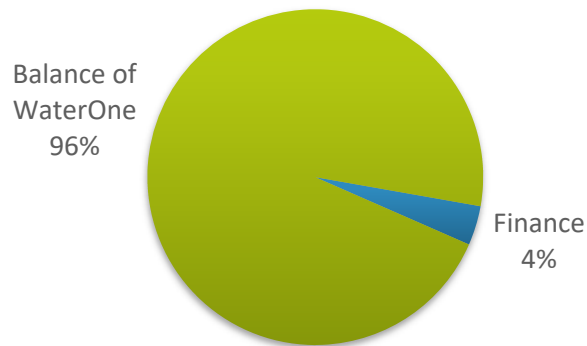
	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor (a)	\$1,657,300	\$1,671,120	\$1,760,616	\$89,496	5.4%
Benefits	513,189	484,101	489,811	5,710	1.2%
<i>Personnel Costs</i>	<b>\$2,170,489</b>	<b>\$2,155,221</b>	<b>\$2,250,427</b>	<b>\$95,206</b>	<b>4.4%</b>
Commodities	164,840	50,900	47,495	<3,405>	<6.7%>
Services	1,055,151	885,744	855,888	<29,856>	<3.4%>
Transfers	<742,615>	<702,278>	<800,792>	<98,514>	14.0%
<b>Total O&amp;M</b>	<b>\$2,647,864</b>	<b>\$2,389,587</b>	<b>\$2,353,018</b>	<b>&lt;\$36,569&gt;</b>	<b>&lt;1.5%&gt;</b>
Capital Outlay	252,273	0	434,916	434,916	NA
<b>Total</b>	<b>\$2,900,137</b>	<b>\$2,389,587</b>	<b>\$2,787,934</b>	<b>\$398,347</b>	<b>16.7%</b>

Numbers may not add due to rounding

(a) Labor consists of wages and salaries (including overtime).

## Significant Division Operating Budgets by Cost Element

Division in Relation to Total WaterOne O&amp;M Budget



The 2022 Significant Cost Elements are described below.

	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor - Non OT	\$1,608,338	\$1,668,120	\$1,757,416	\$89,296	5.4%
Benefits	513,189	484,101	489,811	5,710	1.2%
Clean Drinking Water Fee	565,539	585,015	593,675	8,660	1.5%
Special Assessment and Fees	95,675	106,400	96,882	<9,518>	<8.9%>
Checking Acct Service Fees	80,293	63,000	47,000	<16,000>	<25.4%>
Bank Lockbox Fees	42,650	56,000	36,500	<19,500>	<34.8%>
<b>Subtotal</b>	<b>\$2,905,683</b>	<b>\$2,962,636</b>	<b>\$3,021,284</b>	<b>\$58,648</b>	<b>2.0%</b>
All Other Accounts	484,796	129,229	132,526	3,297	2.6%
Less Transfers	<742,615>	<702,278>	<800,792>	<98,514>	14.0%
<b>Total O&amp;M</b>	<b>\$2,647,864</b>	<b>\$2,389,587</b>	<b>\$2,353,018</b>	<b>&lt;\$36,569&gt;</b>	<b>&lt;1.5%&gt;</b>

Numbers may not add due to rounding

## FINANCE

<b>FINANCE</b>	<b>Full Time</b>	<b>Part Time</b>	<b>Summ/ Temp</b>	<b>Headcount</b>	<b>FTE</b>
<b>2021 Budget</b>	<b>20</b>	<b>-</b>	<b>0</b>	<b>20</b>	<b>20.0</b>
Mid-Year Reclass/Transfers (2021)	--	--	--	--	--
New Positions (2022)	--	--	--	--	--
Reclass/PT Hour Adj (2022)	--	--	--	--	--
Eliminations	--	--	--	--	--
<b>2022 Budget</b>	<b>20</b>	<b>-</b>	<b>0</b>	<b>20</b>	<b>20.0</b>

**Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted.

**Employee Benefits (Transferred)**

Benefits are planned in the Human Resources/Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

**Clean Drinking Water Fee**

The clean drinking water fee is assessed by the State of Kansas at three cents per thousand gallons sold. The fee was put in place in lieu of sales tax in 2002. Approximately 50% of the fee is transferred to capital expenditures through an overhead. The budget is based on the projected number of retail gallons sold in a normal year.

**Special Assessment and Fees**

The special assessment and fees are assessed by local cities and counties for property taxes, wastewater fees, and stormwater fees. The decrease is due primarily to a reduction in the Johnson County wastewater fee.

**Checking Account Service Fees**

These are fees that are charged by the bank for monthly account maintenance, online balance reporting, and other services for all operating bank accounts. A new vendor has been selected for banking services and new fees will be effective in 2022. The budget is based on the new fees for typical services and the historical levels of utilization.

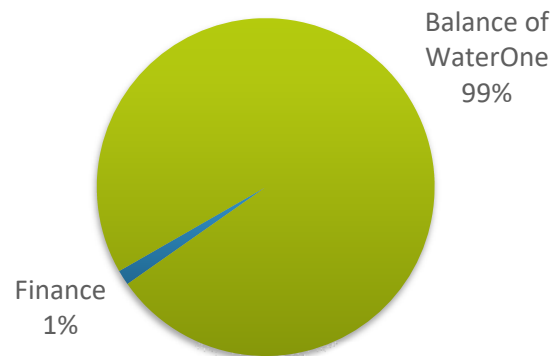
**Bank Lockbox Fees**

These are fees that are charged for data communication, imaging, and items deposited in the lockbox. Lockbox volumes continue to decline as electronic payment options are introduced and adopted. A new vendor has been selected for banking services and new fees will be effective in 2022. The budget is based on the new fees and anticipated lockbox volumes continuing to decline.



**Annual Capital**

**Division in Relation to  
Total WaterOne Annual Capital Budget**

**New**

AC-22810	Solar Panel License - BPU Phase II	\$434,916
<b>Annual Capital - New</b>		<b>\$434,916</b>

**Replacement / Refurbish**

None	--
<b>Annual Capital - Replace / Refurbish</b>	<b>\$ --</b>
<b>Total Annual Capital</b>	<b>\$434,916</b>

Numbers may not add due to rounding

**Annual Capital Listed in Other Divisions:**

Projects are listed in the division responsible for project management and maintenance. Listed below are projects for which this division is the primary user, but the project detail can be found in the managing division.

AF-22881	(f)	Electric Forklift Warehouse	53,729
AF-22851	(f)	Stock Picker Warehouse	23,508
AF-22800	(f)	Utility Vehicle Warehouse	14,552
AF-22801	(f)	Utility Vehicle (Repl 7330) Warehouse	14,552
AF-22850	(f)	Stock Chaser Warehouse	11,194

(f) Fleet vehicles and equipment are listed in the 'Human Resources/Administration Division'

# WaterOne 2022 Budget

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## FINANCE DIVISION

New

### Project Description

Solar Panel License - BPU Phase II

### Year

2022

### Project #

AC-22810

### Plan

\$434,916



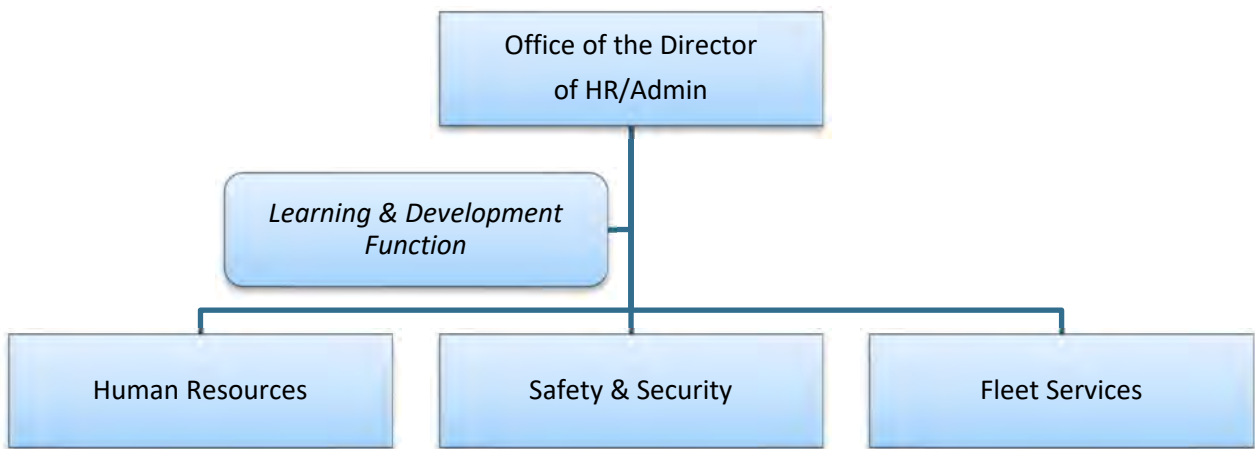
### Justification

The Board of Public Utilities (BPU) offers a renewable energy program utilizing solar panels. WaterOne licensed the maximum number of units allowed in 2020 at 500 solar panels. BPU has since opened up the program to allow customers to license more panels. In 2022, WaterOne plans to license an additional 1,000 panels. The cost to participate in the program is \$388.54 per solar panel license. This is a one-time fee to participate in the program until 2042. Participants receive an \$0.08 credit per kilowatt-hour obtained through the solar energy program. This initiative supports WaterOne's commitment to sustainability and Goal 7: Be good stewards of the environment. The solar panel license is for 20 years and is expected to pay back in less than 17 years (see payback analysis under supplemental schedules).

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## HUMAN RESOURCES / ADMINISTRATION DIVISION

### Division Organization



The Human Resources Department is responsible for the full employee lifecycle, including recruiting, compensation and benefits, risk management, payroll, employee relations, and the Human Resources Information System (HRIS).

The Safety & Security Department is responsible for the development and implementation of safety and security programs to enhance and assure employee and public safety, protection of WaterOne and its related facilities. The department also manages the custodian function responsible for maintaining the cleanliness of WaterOne facilities.

The Fleet Services Department provides support to the operational areas of the utility, including fleet procurement, maintenance, and disposition. The department also manages the fuel system and the vehicle GPS reporting system.

The Learning and Development function is responsible for facilitating training, educational opportunities, and knowledge management for WaterOne employees.

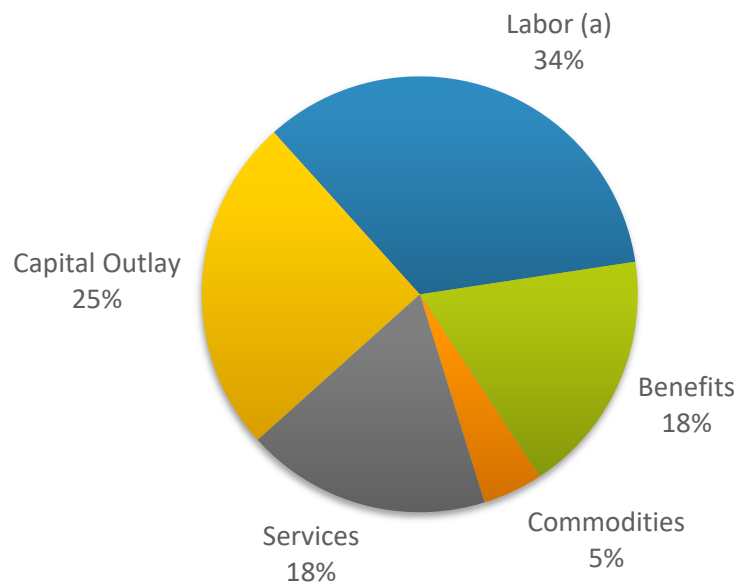
### Division Objective

The Human Resources/Administration Division is committed to providing excellent service, delivery, and support to employees, retirees, operational divisions, public, and other stakeholders while helping ensure a safe and secure work environment.

### Annual Goals And Key Performance Measures

Divisional goals for the fiscal year are located in the Strategic Plan section under “2022 Operational Goals By Division” pages 42-45. Division Key Performance Measures can also be found in the Strategic Plan section, under Monthly & Quarterly & Annual KPI Detail Reports on page 46-60.

### Expenditures by Major Category



*Net of Transfers*

	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor (a)	\$2,265,716	\$2,352,694	\$2,570,408	\$217,714	9.3%
Benefits	1,461,181	1,282,962	1,267,090	<15,871>	<1.2%>
<i>Personnel Costs</i>	<b>\$3,726,896</b>	<b>\$3,635,656</b>	<b>\$3,837,498</b>	<b>\$201,843</b>	<b>5.6%</b>
Commodities	1,119,847	1,051,443	1,222,824	171,381	16.3%
Services	1,345,576	1,238,254	1,273,394	35,140	2.8%
Transfers	<1,057,387>	<1,084,819>	<1,086,189>	<1,370>	0.1%
<b>Total O&amp;M</b>	<b>\$5,134,932</b>	<b>\$4,840,533</b>	<b>\$5,247,527</b>	<b>\$406,994</b>	<b>8.4%</b>
Capital Outlay	2,113,661	1,846,724	1,746,206	<100,518>	<5.4%>
<b>Total</b>	<b>\$7,248,592</b>	<b>\$6,687,257</b>	<b>\$6,993,733</b>	<b>\$306,476</b>	<b>4.6%</b>

Numbers may not add due to rounding.

(a) Labor consists of wages and salaries (including overtime).

## Significant Division Operating Budgets by Cost Element

Division in Relation to Total WaterOne O&amp;M Budget



The 2022 Significant Cost Elements are described below.

	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor - Non OT	\$2,058,610	\$2,297,494	\$2,511,408	\$213,914	9.3%
Labor - OT	144,732	55,200	59,000	3,800	6.9%
Benefits	1,461,181	1,282,961	1,267,090	<15,871>	<1.2%>
Inventory Withdrawals	485,516	416,154	587,997	171,843	41.3%
Material & Supplies	512,436	473,525	474,425	900	0.2%
Security	472,965	463,059	456,359	<6,700>	<1.4%>
Property & Liability Insurance	121,763	132,414	158,908	26,494	20.0%
Contracted Services	104,466	125,084	132,180	7,096	5.7%
Training	88,984	106,600	100,400	<6,200>	<5.8%>
Vehicle Repair Services	123,026	75,200	81,500	6,300	8.4%
<b>Subtotal</b>	<b>\$5,573,679</b>	<b>\$5,427,691</b>	<b>\$5,829,267</b>	<b>\$401,576</b>	<b>7.4%</b>
All Other Accounts	618,640	497,661	504,449	6,788	1.4%
Less Transfers	<1,057,387>	<1,084,819>	<1,086,189>	<1,370>	0.1%
<b>Total O&amp;M</b>	<b>\$5,134,932</b>	<b>\$4,840,533</b>	<b>\$5,247,527</b>	<b>\$406,994</b>	<b>8.4%</b>

Numbers may not add due to rounding.

## HUMAN RESOURCES/ADMINISTRATION

HUMAN RESOURCES/ADMINISTRATION	Full Time	Part Time	Summ/ Temp	Headcount	FTE	
<b>2021 Budget</b>	<b>28</b>	<b>3</b>	<b>2</b>	<b>32</b>	<b>30.605</b>	
Mid-Year Reclass/Transfers (2021)	-	-	-	-	-	
New Positions (2022)	1	-	-	-	1	(a)
Reclass/PT Hour Adj (2022)	-	-	-	-	-	
Eliminations	-	-	-	-	-	
<b>2022 Budget</b>	<b>29</b>	<b>3</b>	<b>2</b>	<b>32</b>	<b>31.605</b>	

a) Budgeted New Position: Custodian

**Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted. The budget includes one additional full time authorized position. See PERSONNEL tab for more information on budgeted additional personnel.

**Labor – OT**

The majority of overtime is planned in Fleet related to vehicle and equipment repair after normal business hours.

**Employee Benefits (Transferred)**

Benefits are planned in the Human Resources / Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab. Benefits in the Human Resources / Administration Division represent the division's share of total benefits plus Retiree Health and Life Insurance, which are not allocated.

**Inventory Withdrawals**

There are two components of this budget. Fuel represents the majority of the budget. The budgeted price per gallon for fuel increased from \$1.48 in 2021 to \$2.27 for 2022. The total number of budgeted gallons remained the same. The remaining budget is for non-fuel inventory withdrawals. It is developed based on history and is mainly used for scheduled preventative maintenance.

**Material & Supplies**

There are three components of this budget. The three components are Fleet non-inventory vehicle repair parts, car wash repair parts, and shop supplies; custodial supplies for maintaining facilities; and district-wide training supplies. The budget increase is primarily due to an increase for vehicle repair parts.

**Security / Security Guards**

This account covers the cost of outsourced guard services and camera/monitoring services. Patrols include weekdays, weekends, special events, and holidays. The budget is based on current pricing which is expected to continue for 2022. The budget decrease is due to a budget transfer from Security to Access Control and Security for camera monitoring.

**Property & Liability Insurance**

This budget is for auto insurance premiums only. The Property & Liability insurance policy renews in July of each year so premiums that are effective beginning in July 2021 will be in effect for the first half of the 2022 budget. The budget includes an estimated 3% projected increase in premiums for the second half of 2022. All other property and liability insurance premiums are budgeted in the Legal / Audit Division.

**Contracted Services**

Outside vendors are used to provide services that WaterOne does not have the resources for or are not cost-effective to complete in-house. In the Fleet Department, WaterOne contracts for fuel system maintenance and vehicle GPS services. The Custodian function uses outside services for various cleaning tasks. Security uses outside consultants for security studies. The budget also includes the amortization of the America's Water Infrastructure Act (AWIA) project. 2022 will be the second year of a five-year amortization. The budget increase is due to increases in costs for maintaining fleet equipment and systems and a true-up for the number of GPS units and pricing.

**Training**

This account is for seminars, conferences, or continuing education training opportunities that provide staff with the knowledge they need to perform their job. The budget decrease is due to the end of the Root Learning amortization.

**Vehicle Repair Services**

This account is for outsourced repair of WaterOne vehicles that cannot be completed in-house. Budget increase is due to increasing cost per repair.

**Annual Capital**

**Division in Relation to  
Total WaterOne Annual Capital Budget**



The Human Resources / Administration Division includes the Fleet Services department which is responsible for the maintenance of the fleet. Vehicles and fleet equipment are included below; the description includes the user department.

**New**

AF-22881	Electric Forklift Warehouse	\$53,729
AF-22851	Stock Picker Warehouse	23,508
AF-22800	Utility Vehicle Warehouse	14,552
AF-22850	Stock Chaser Warehouse	11,194
<b>Annual Capital - New</b>		<b>\$102,983</b>

**Replacement / Refurbish**

AF-22300	Light Duty Fleet Program	\$471,251
AF-22561	Excavator 155HP (Repl 7561) C&M	381,702
AF-22057	Hydro-Excavator Truck (Repl 5020) V&S	201,485
AF-22705	Mounted Hydro Excavator Truck (Repl 4705) V&S	167,905
AF-22203	Hydro Breaker (Repl 7562) - C&M	95,145
AF-22924	Skidsteer Track 92 HP (Repl 7524) C&M	95,145



WATERONE 2022 BUDGET

HUMAN RESOURCES/ADMINISTRATION

AF-22709	Dump Truck (Repl 4709) C&M	89,549
AF-22360	Dump Trailer (Repl 7360) C&M	60,447
AC-22201	Aqueous Parts Washer Replacement	41,416
AC-22202	Hot Water Pressure Washer Replacement	24,626
AF-22801	Utility Vehicle (Repl 7330) Warehouse	14,552
<b>Annual Capital - Replace / Refurbish</b>		<b>\$1,643,223</b>
<b>Total Annual Capital</b>		<b>\$1,746,206</b>

Numbers may not add due to rounding

## HUMAN RESOURCES & ADMINISTRATION DIV

New

### Project Description

Electric Forklift Warehouse

### Year

2022

### Project #

AF-22881

### Plan

\$53,729



### Justification

An electric forklift is required for utilization between the warehouse and pipe yard located at the Administrative Warehouse. The additional warehouse space will require a forklift to continue effective operations. Forklifts can easily move heavy loads without compromising employee safety.

---

### Project Description

Stock Picker Warehouse

### Year

2022

### Project #

AF-22851

### Plan

\$23,508



### Justification

This project is for a stock picker to be utilized in the Administrative warehouse. The warehouse space includes heavy materials and high shelving. The stock picker capabilities promote more efficient productivity and help ensure employee safety. The functionality of the stock picker includes an upward moving deck which raises the employee and material so items can be slid in place rather than manually lifted.

---

## HUMAN RESOURCES & ADMINISTRATION DIV

New

### Project Description

Utility Vehicle Warehouse

### Year

2022

### Project #

AF-22800

### Plan

\$14,552



### Justification

A new utility vehicle will be utilized to transfer people and materials within Administrative warehouse and between the warehouse and pipe yard. Utilization of a utility vehicle improves efficiency, eliminating walk time between locations, and easier movement of smaller items. The planned configuration is an electric golf cart with dump box.

---

### Project Description

Stock Chaser Warehouse

### Year

2022

### Project #

AF-22850

### Plan

\$11,194



### Justification

This project is for a stock chaser to be utilized at the Administrative warehouse. The warehouse space is significantly larger than the current warehouse. The stock chaser allows employees to quickly get around, maneuver in narrow aisles, and efficiently retrieve smaller materials.

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# WaterOne 2022 Budget

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## HUMAN RESOURCES & ADMINISTRATION DIV

### Replace

#### Project Description

Light Duty Fleet Program

#### Year

2022

#### Project #

AF-22300

#### Plan

\$471,251



#### Justification

The program budget will be used to replace qualifying vehicles with unit numbers in the 2000, 3000, 8000, or 9000 series. These units are the SUVs, vans, and light trucks. WaterOne Fleet Replacement Standard for these vehicle types is 12 years and 120,000 miles. The selected units for the program will meet both the age and mileage criteria. The budget is based on a replacement of 11 units per year.

---

#### Project Description

Excavator 155HP (Repl 7561) C&M

#### Year

2022

#### Project #

AF-22561

#### Plan

\$381,702



#### Justification

WaterOne Fleet Replacement Standard for Construction Equipment: 9 years and 4,500 hours. Unit 7561 is 9 years old and has 4,419 hours as of 5/2021. This unit will meet the age and hours criteria in 2022. The replacement unit will be configured the same.

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# WaterOne 2022 Budget

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## HUMAN RESOURCES & ADMINISTRATION DIV

### Replace

#### Project Description

Hydro-Excavator Truck (Repl 5020) V&S

#### Year

2022

#### Project #

AF-22057

#### Plan

\$201,485



#### Justification

WaterOne Fleet Replacement Standard for Heavy Trucks: 15 years and 9,000 hours. Unit 5020 is 15 years old and has 8,582 hours as of 5/2021. This unit will meet both criteria. The replacement unit will be configured the same.

---

#### Project Description

Mounted Hydro Excavator (Repl 4705) V&S

#### Year

2022

#### Project #

AF-22705

#### Plan

\$167,905



#### Justification

WaterOne Fleet Replacement Standard for Medium Trucks: 12 years and 120,000 miles. Unit 4705 is a truck-mounted hydro excavator that is 11 years old with 105,300 miles as of 5/21. It meets the mileage but not the age criteria. It is proposed for replacement due to excessive maintenance. Replacement unit will be configured the same.

---

# WaterOne 2022 Budget

---

## HUMAN RESOURCES & ADMINISTRATION DIV

### Replace

#### Project Description

Hydro Breaker (Repl 7562) - C&M

#### Year

2022

#### Project #

AF-22203

#### Plan

\$95,145



#### Justification

WaterOne Fleet Replacement Standard for Construction Equipment: 9 years and 4,500 hours. Unit 7562 is 9 years old as of 5/2021. The unit does not record hours. The replacement unit will be increased in size to fit a 28-52 ton machine which will operate more effectively with the auxiliary hydraulic circuit on WaterOne's track excavator.

---

#### Project Description

Skidsteer Track 92 HP (Repl 7524) C&M

#### Year

2022

#### Project #

AF-22924

#### Plan

\$95,145



#### Justification

WaterOne Replacement Standard for Skid Steers: 5 years and 2,500 hours. Unit 7524 is 5 years old and has 2,300 hours as of 5/21. It will meet the replacement criteria in 2022. Replacement unit will be configured the same.

---

# WaterOne 2022 Budget

---

## HUMAN RESOURCES & ADMINISTRATION DIV

### Replace

#### Project Description

Dump Truck (Repl 4709) C&M

#### Year

2022

#### Project #

AF-22709

#### Plan

\$89,549



#### Justification

WaterOne Fleet Replacement Standard for Medium Trucks: 12 years and 120,000 miles. Unit 4709 is 7 years old and has 108,864 miles on it as of 5/21. It will meet the mileage but not the criteria in 2022. It is being replaced due to excessive maintenance. The replacement unit will be configured the same.

---

#### Project Description

Dump Trailer (Repl 7360) C&M

#### Year

2022

#### Project #

AF-22360

#### Plan

\$60,447



#### Justification

WaterOne Fleet Replacement Standard for Trailers: 9 years. Unit 7360 is 16 years old as of 5/2021. The replacement unit will be configured the same.

---



## HUMAN RESOURCES & ADMINISTRATION DIV

### Replace

#### Project Description

Aqueous Parts Washer Replace

#### Year

2022

#### Project #

AC-22201

#### Plan

\$41,416

#### Justification

This is a unit that utilizes Hot Pressurized Water to clean parts during the repair operations performed in the Fleet department. The mechanic puts the parts inside the machine and sets the timer to run its cycle allowing the mechanic to continue with his repair process. Expected life of the unit is 10 years. The current unit is 8 years old but is in poor condition and needs frequent repairs. The expected life of the new unit is 15 years due to stainless steel construction.

---



#### Project Description

Hot Water Pressure Washer Replace

#### Year

2022

#### Project #

AC-22202

#### Plan

\$24,626

#### Justification

The Hot Water Pressure Washer utilizes high pressure to clean off vehicles/equipment. Hot water dissolves the grease or oil and the high pressure pushes it off the repair parts. This process eliminates the usage of harsh chemicals /solvents. The unit is mounted in the fleet pump room adjacent to the wash bay at the Renner facility. Units have an expected life of 15 years and the current unit is 20 years old.

---





# WaterOne 2022 Budget

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## HUMAN RESOURCES & ADMINISTRATION DIV

### Replace

#### Project Description

Utility Vehicle (Repl 7330) Warehouse

#### Year

2022

#### Project #

AF-22801

#### Plan

\$14,552



#### Justification

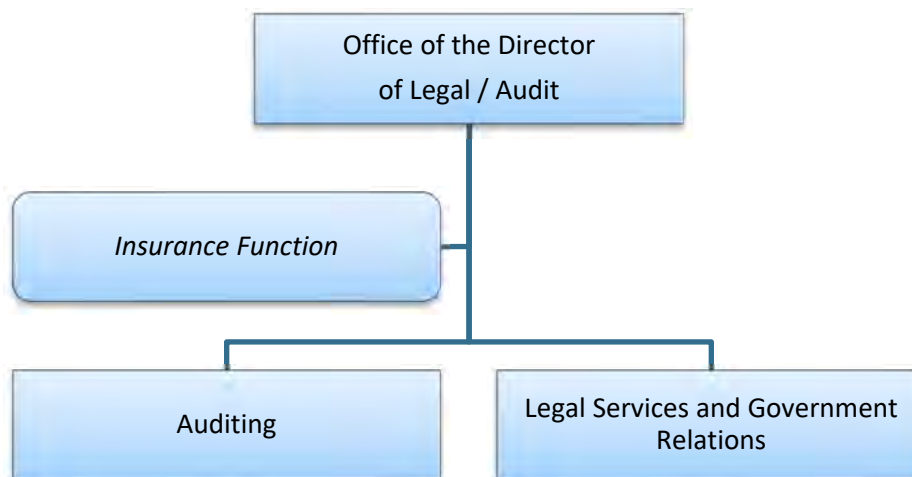
WaterOne Fleet Replacement Standard for Construction Equipment: 9 years and 4,500 hours. Unit 7330 is over 20 years old. Hours are not available due to current condition. The unit will meet the age criteria. The replacement unit is planned to be an electric golf cart with dump box.

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## LEGAL / AUDITING DIVISION

### Division Organization



The Legal Division provides in-house expertise and counsel to the Board and its committees, the General Manager, and staff. The Legal Division is responsible for reviewing and recommending additions, amendments or revocations of WaterOne's Rules and Regulations and its Board Policies.

The Legal Services and Government Relations Department supports all legal aspects of WaterOne's operations including contracts, agreements, and litigation; provides the Records Information Management function for WaterOne; and manages WaterOne's government relations including providing representation in the State Capitol on legislative issues and supporting the organization's role as a recognized resource for information on water and utility issues among local, state, and federal public officials and organizations.

Auditing, as a business advisor, conducts independent, objective audits and consulting engagements to maximize the public trust through the elected board, by providing expertise to minimize risks and improve process quality and effectiveness to further WaterOne's goals.

The Insurance Function is responsible for insurance coverage related to property and casualty risk management.

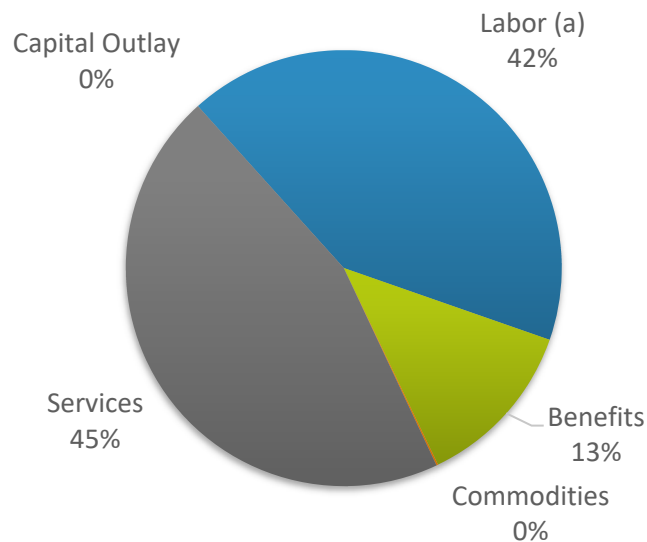
### Division Objective

Provide competent, ethical, consistent and timely legal, records management, insurance, and auditing services to the WaterOne Board and management, as well as providing government relations representation at the local, state and federal level.

### Annual Goals And Key Performance Measures

Divisional goals for the fiscal year are located in the Strategic Plan section under “2022 Operational Goals By Division” pages 42-45. Division Key Performance Measures can also be found in the Strategic Plan section, under Monthly & Quarterly & Annual KPI Detail Reports on page 46-60.

### Expenditures by Major Category



#### Net of Transfers

	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor (a)	\$968,980	\$957,344	\$991,530	\$34,186	3.6%
Benefits	288,893	266,295	271,703	5,408	2.0%
<i>Personnel Costs</i>	<b>\$1,257,874</b>	<b>\$1,223,639</b>	<b>\$1,263,233</b>	<b>\$39,594</b>	<b>3.2%</b>
Commodities	1,036	2,660	2,660	0	0.0%
Services	749,928	817,114	1,104,555	287,441	35.2%
Transfers	<206,821>	<197,623>	<205,295>	<7,672>	3.9%
<b>Total O&amp;M</b>	<b>\$1,802,017</b>	<b>\$1,845,790</b>	<b>\$2,165,153</b>	<b>\$319,363</b>	<b>17.3%</b>
Capital Outlay	0	0	0	0	NA
<b>Total</b>	<b>\$1,802,017</b>	<b>\$1,845,790</b>	<b>\$2,165,153</b>	<b>\$319,363</b>	<b>17.3%</b>

Numbers may not add due to rounding

a) Labor consists of wages and salaries (including overtime).

## Significant Division Operating Budgets by Cost Element

Division in Relation to Total WaterOne O&amp;M Budget



The 2022 Significant Cost Elements are described below.

	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor - Non OT	\$940,168	\$957,344	\$991,530	\$34,186	3.6%
Benefits	288,893	266,295	271,703	5,408	2.0%
Property & Liability Insurance	623,438	619,882	801,388	181,506	29.3%
Contracted Services	14,005	16,905	115,540	98,635	583.5%
Property & Liability - Self Ins.	28,731	60,000	60,000	0	0.0%
Auditing Fees	46,079	45,815	47,657	1,842	4.0%
<b>Subtotal</b>	<b>\$1,941,314</b>	<b>\$1,966,241</b>	<b>\$2,287,818</b>	<b>\$321,577</b>	<b>16.4%</b>
All Other Accounts	67,524	77,172	82,630	5,458	7.1%
Less Transfers	<206,821>	<197,623>	<205,295>	<7,672>	3.9%
<b>Total O&amp;M</b>	<b>\$1,802,017</b>	<b>\$1,845,790</b>	<b>\$2,165,153</b>	<b>\$319,363</b>	<b>17.3%</b>

Numbers may not add due to rounding

## LEGAL / AUDITING

LEGAL / AUDIT	Full Time	Part Time	Summ/ Temp	Headcount	FTE
<b>2021 Budget</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>10</b>
Mid-Year Reclass/Transfers (2021)	-	-	-	-	-
New Positions (2022)	-	-	1	1	.25
Reclass/PT Hour Adj (2022)	-	-	-	-	-
Eliminations	-	-	-	-	-
<b>2022 Budget</b>	<b>10</b>	<b>-</b>	<b>1</b>	<b>11</b>	<b>10.25</b>

a) Budgeted New Position: Audit/Legal Intern

**Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted. The budget includes one additional intern position. See PERSONNEL tab for more information on budgeted additional personnel.

**Employee Benefits (Transferred)**

Benefits are planned in the Human Resources/Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

**Property & Liability Insurance**

The budget includes insurance premiums for General Liability, Property, Pollution, Umbrella, Crime, Licenses & Bonds, Fiduciary Insurance, and broker fees. The Property & Liability insurance policy renews in July of each year so premiums that are effective beginning in July 2021 will be in effect for the first half of the 2022 budget. The budget includes 3% projected premium increases for the second half of 2022. The increase is based on loss ratio and market conditions. The budget does not include auto coverage which is budgeted in Fleet.

**Contracted Services**

This budget increase is due to the inclusion of consulting services for an Information Security Officer. This consulting position will provide a variety of services related to information security such as develop policies and procedures, recommend best practices, and act as an arbitrator between IT and its customers.

**Property & Liability - Self Insurance**

This budget provides for deductibles and claims that are not covered by insurance. Claims can vary significantly from year to year.

**Auditing Fees**

The budget for auditing fees includes the fee for the annual external audit, the Kansas filing fee for the Division of Accounts and Reports, and the publication of the annual financial statement. Audit fees are established through the RFP process and approved by the Board. The 2022 budget is based on the RFP process and approval completed in 2019.

### **Annual Capital**

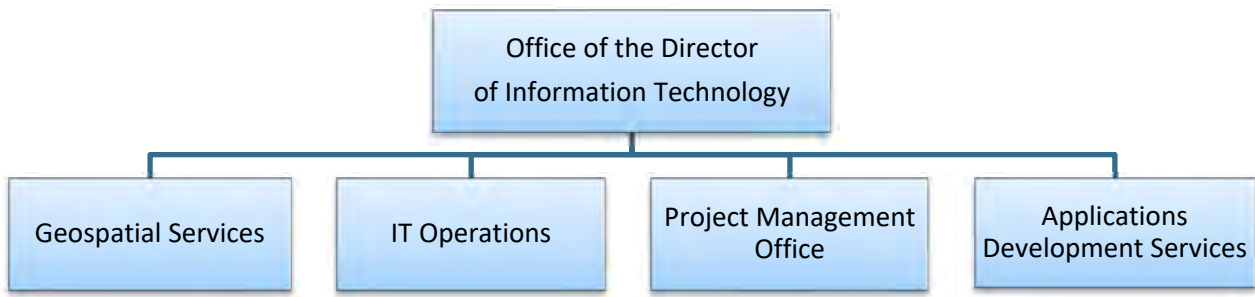
This division has no capital requirements.

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## INFORMATION TECHNOLOGY DIVISION

### Division Organization



Geospatial Services is primarily responsible for Geographic Information Systems (GIS) support. The GIS support role is facilitating WaterOne's mapping and spatial data needs by leveraging GIS software development and assisting with the many GPS related business processes.

The IT Operations Department provides WaterOne with full life cycle management of WaterOne owned technical infrastructure assets, communications devices and provides end-user help desk support services. Key technical areas of focus include wide area networking, individual/group/mass communications, telephony, and WaterOne's data center environment.

The Project Management Office coordinates project requests, evaluation, and determination of IT resources. The department provides additional assistance such as project management expertise for Intranet/Extranet design and support services.

The Applications Development Services Department is the selection, development, and support services for all PC-based software for the organization. The focus is on the support services required for SAP Enterprise Resource Planning (ERP) products directly related to WaterOne's core business functions.

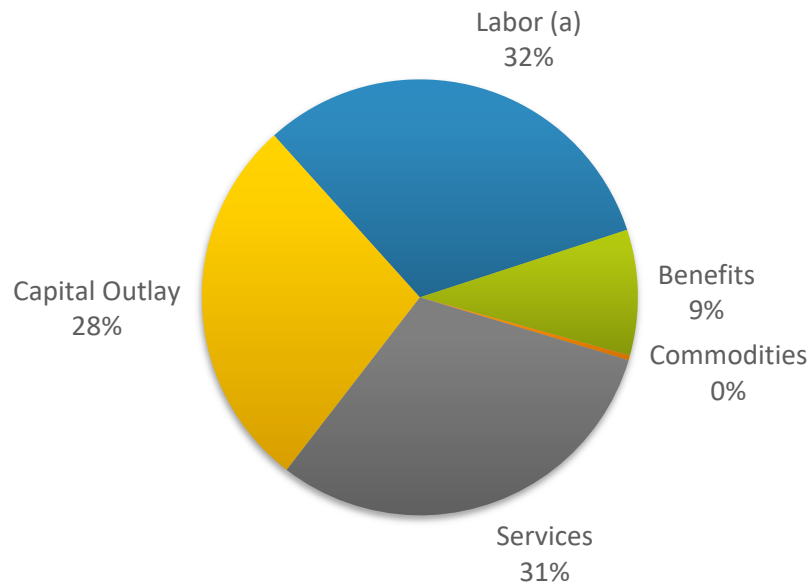
### Division Objective

The Information Technology Division is committed to providing innovative, secure, reliable technology services to WaterOne's divisions and WaterOne's customers. Also, promote and foster innovation in support of WaterOne's strategic goals, to leverage the use of technology resources, to continuously improve business processes, and to become a technology leader in the utility industry.

## Annual Goals And Key Performance Measures

Divisional goals for the fiscal year are located in the Strategic Plan section under “2022 Operational Goals By Division” pages 42-45. Division Key Performance Measures can also be found in the Strategic Plan section, under Monthly & Quarterly & Annual KPI Detail Reports on page 46-60.

## Expenditures by Major Category



*Net of Transfers*

	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor (a)	\$2,679,136	\$3,101,073	\$3,419,855	\$318,782	10.3%
Benefits	882,856	817,201	877,718	60,517	7.4%
<i>Personnel Costs</i>	<b>\$3,561,992</b>	<b>\$3,918,274</b>	<b>\$4,297,573</b>	<b>\$379,299</b>	<b>9.7%</b>
Commodities	34,099	35,075	33,775	<1,300>	<3.7%>
Services	2,455,438	2,647,708	3,212,194	564,486	21.3%
Transfers	<840,477>	<733,224>	<749,027>	<15,802>	2.2%
<b>Total O&amp;M</b>	<b>\$5,211,052</b>	<b>\$5,867,832</b>	<b>\$6,794,515</b>	<b>\$926,683</b>	<b>15.8%</b>
Capital Outlay	1,230,926	1,136,149	2,624,566	1,488,417	131.0%
<b>Total</b>	<b>\$6,441,978</b>	<b>\$7,003,981</b>	<b>\$9,419,081</b>	<b>\$2,415,100</b>	<b>34.5%</b>

Numbers may not add due to rounding

(a) Labor consists of wages and salaries (including overtime).

**Significant Division Operating Budgets by Cost Element**

**Division in Relation to Total WaterOne O&M Budget**



The 2022 Significant Cost Elements are described below.

	2020 Actual	2021 Budget	2022 Budget	\$ Incr <Decr>	% Incr <Decr>
Labor - Non OT	\$2,583,011	\$3,096,773	\$3,414,855	\$318,082	10.3%
Benefits	882,856	817,201	877,718	60,517	7.4%
PC Software License & Maintenance	1,358,742	1,527,143	1,941,163	414,020	27.1%
Telecom	394,179	451,680	562,480	110,800	24.5%
Contracted Services	217,158	249,035	327,427	78,392	31.5%
IT Hardware Maintenance	89,282	157,900	173,777	15,877	10.1%
Training	16,437	65,700	83,400	17,700	26.9%
Non-Employee Overload	299,390	70,000	0	<70,000>	<100.0%>
<b>Subtotal</b>	<b>\$5,841,055</b>	<b>\$6,435,432</b>	<b>\$7,380,820</b>	<b>\$945,388</b>	<b>14.7%</b>
All Other Accounts	210,474	165,624	162,722	<2,903>	<1.8%>
Less Transfers	<840,477>	<733,224>	<749,027>	<15,802>	2.2%
<b>Total O&amp;M</b>	<b>\$5,211,052</b>	<b>\$5,867,832</b>	<b>\$6,794,515</b>	<b>\$926,683</b>	<b>15.8%</b>

*Numbers may not add due to rounding*

INFORMATION TECHNOLOGY	Full Time	Part Time	Summ/ Temp	Headcount	FTE
2021 Budget	29	-	1	30	29.25
Mid-Year Reclass/Transfers (2021)	-	-	-	-	-
New Positions (2022)	3	-	-	3	3
Reclass/PT Hour Adj (2022)	-	-	-	-	-
Eliminations	-	-	-	-	-
2022 Budget	29	-	1	33	32.25

(a)

a) Budgeted New Positions: Project Manager, Help Desk Support Technician, Network Engineer

### **Gross Labor (Non-Overtime)**

A 4.0% performance compensation increase is budgeted. The budget includes three additional full time authorized positions. See PERSONNEL tab for more information on budgeted additional personnel.

### **Employee Benefits (Transferred)**

Benefits are planned in the Human Resources/Administration Division and allocated to the divisions. More information on Benefits is located behind the PERSONNEL tab.

### **PC Software License & Maintenance**

This account covers WaterOne's software licenses and maintenance on that software. The budget increase is primarily due to a pricing increase with Microsoft and additional features. There are also increases due to an increased cost of cloud-based data storage and a cloud data center. In addition, there are increases for virus scanning services relating to the new SCADA software platform.

### **Telecom**

This account is for the data communication lines needed for the phone system and networks utilized at the treatment plants, administrative offices, and other locations including pump stations, pressure reducing valve (PRV) vaults, and telemetry locations throughout the service area. The budget increase is due to the addition of sites such as the new water towers, and the SCADA network design requirements.

### **Contracted Services**

Outside vendors are used to provide services that WaterOne does not have the resources for or are not cost-effective to complete in-house. WaterOne contracts for various services including backup SAP basis administration support, functional consulting services for SAP, GIS and Microsoft projects, network monitoring, and implementation of new software. The 2022 budget increased due to additional hours budgeted for SharePoint functional and technical support, applications development support, and network maintenance support for managing switches and routers.

### **IT Hardware Maintenance**

This account is for the recurring maintenance contracts for network hardware. The 2022 budget increase is primarily due to the higher pricing on a network equipment maintenance contract and is partially offset by a reduction in contract pricing for storage and backup systems maintenance.

**Training**

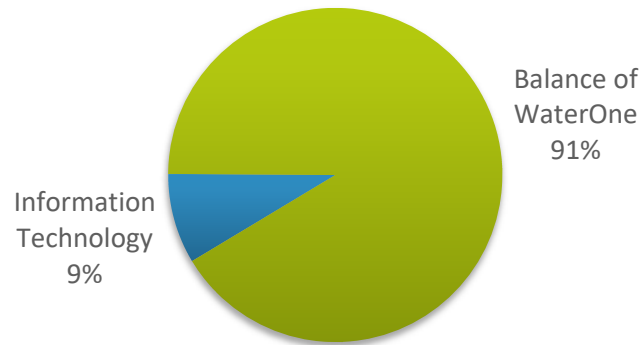
This account is for seminars, conferences, or continuing education training opportunities that provide staff with the knowledge they need to perform their job.

**Non-Employee Overload**

This account is for temporary personnel. The budget decrease is due to filling vacancies with full time employees that were previously contract-to-hire positions.

**Annual Capital**

**Division in Relation to  
Total WaterOne Annual Capital Budget**



Specialized IT-related capital used primarily by one division and IT equipment for new personnel is included below.

**New**

none

**Replacement / Refurbish**

AC-22699	Wireless Replacement Project	\$559,680
AC-22041	Board Room Technology Upgrades	447,744
AC-22002	PC Replacement Program	353,382
AC-22050	System Upgrades and Enhancements	279,840
AC-22044	Conference Room Technology Upgrades	273,124
AC-22013	GIS Upgrades and Enhancements	195,888
AC-22015	GPS Equipment Replacement	134,323
AC-22001	Network Upgrades	100,744
AC-22777	SCADA Hardware Refresh	100,744
AC-22039	Server & Storage Replacement Program	78,355
AC-22042	Fairbanks Lunchroom A/V Upgrades	55,968
AC-22005	Printer Replacement Program	44,774
<b>Annual Capital - Replace / Refurbish</b>		<b>\$2,624,566</b>
<b>Total Annual Capital</b>		<b>\$2,624,566</b>

*Numbers may not add due to rounding*

## INFORMATION TECHNOLOGY DIVISION

### Replace

#### Project Description

Wireless Replacement Project

#### Year

2022

#### Project #

AC-22699

#### Plan

\$559,680



#### Justification

This project is to replace and expand the wireless infrastructure at the Administrative Office, Hansen, and Wolcott facilities. This program provides for wireless controllers and wireless antenna hardware that are no longer meeting expansion requirements that support the critical infrastructure needs and are out of warranty. The typical useful life of this equipment is estimated at 5-8 years and the existing equipment is over 10 years old. Additionally, this program provides for a 3rd party assessment of the facilities to assess the best antenna hardware and hardware placement to meet each facility's coverage needs. This critical program is a necessary and recurring component of providing reliable wireless services for staff and guests.

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# WaterOne 2022 Budget

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## INFORMATION TECHNOLOGY DIVISION

### Replace

#### Project Description

Board Room Technology Upgrades

#### Year

2022

#### Project #

AC-22041

#### Plan

\$447,744



#### Justification

This project is for the upgrading of equipment in the Board Room at the Administrative Headquarters. Much of the equipment used for presentations has been in place since the building was constructed in 2001 and needs to be replaced with newer technologies. The audio recording and archiving system, microphone and speaker systems, touchscreens and control devices, and are included with this project. Components of this upgrade have a widely varying expected useful life and range from 3-4 years up to 15-20 years. It is anticipated that this project will be bid as a complete system and not by the individual components.

---

#### Project Description

PC Replacement Program

#### Year

2022

#### Project #

AC-22002

#### Plan

\$353,382



#### Justification

This project is for the replacement of laptops and PCs as well as the docking stations and peripheral devices needed for a new workstation. In addition to current staff that utilize these computers and require them to be replaced as they reach the end of their useful life, there are also needs for computers due to SCADA, GPS units, treatment plant instrumentation devices, kiosks, and meeting rooms. Currently there are 550 computers that rotate through a four-year replacement cycle with a replacement cost of \$2,200 each.

---



## INFORMATION TECHNOLOGY DIVISION

### Replace

#### Project Description

System Upgrades and Enhancements

#### Year

2022

#### Project #

AC-22050

#### Plan

\$279,840



#### Justification

This is the annual program to upgrade and enhance SAP for end users. In 2022 the upgrades and enhancements will include GIS integrations, process improvements in SAP, UX/UI (User Experience/User Interface) improvements in SAP and making data from SAP accessible to outside processes.

---

#### Project Description

Conference Room Technology Upgrades

#### Year

2022

#### Project #

AC-22044

#### Plan

\$273,124



#### Justification

This project is to replace aging equipment in ten conference rooms, training rooms, and interview rooms at the Administrative Headquarters and the Hansen Treatment Plant. In addition to replacing aging equipment, some rooms require new equipment that is not currently in place but has become necessary in a modern conference room environment. The equipment being added or upgraded includes, projectors, televisions, microphones, speakers, and amplifiers. These components vary in useful life, with most of the components ranging from 5-7 years.

---

# WaterOne 2022 Budget

## INFORMATION TECHNOLOGY DIVISION

### Replace

#### Project Description

GIS Upgrades and Enhancements

#### Year

2022

#### Project #

AC-22013

#### Plan

\$195,888



#### Justification

In 2022 this project will replace the Geometric Network model that is used to store and manage the water distribution assets in GIS with a more robust system, ESRI's Utility Network model. The Utility Network model allows for many advantages over the current model including a more precise modeling of assets, the ability to divide our system into distinct pressure zones and allowing for network traces and valve isolation. Unlike the current Geometric Network model, the Utility Network model is a service-based architecture allowing for better delivery of GIS data and capabilities to workers in the field. This model is ESRI's approach to modeling water networks in GIS for the next 10-15 years.

#### Project Description

GPS Equipment Replacement

#### Year

2022

#### Project #

AC-22015

#### Plan

\$134,323



#### Justification

This project is to replace 15 GPS units that are used by field crews. These units are used by maintenance crews, construction crews, and construction inspectors to collect accurate locations of newly constructed assets before they are buried or covered up by other structures. Project engineers use these devices to determine precise locations that will aid in engineering design for future projects. There are 30 total units that will need replaced over the next 2 years. The current units were purchased in 2016 and each unit has an estimated useful life of 3-4 years.

## INFORMATION TECHNOLOGY DIVISION

### Replace

#### Project Description

Network Upgrades

#### Year

2022

#### Project #

AC-22001

#### Plan

\$100,744



#### Justification

Access switches are the means by which employees access the network and are located throughout the facilities. There are over 100 switches in total with an expected useful life of 5-7 years. A portion of them are budgeted for replacement annually and adding access switches into new locations is regularly necessary. This project is for 15 access switches.

#### Project Description

SCADA Hardware Refresh

#### Year

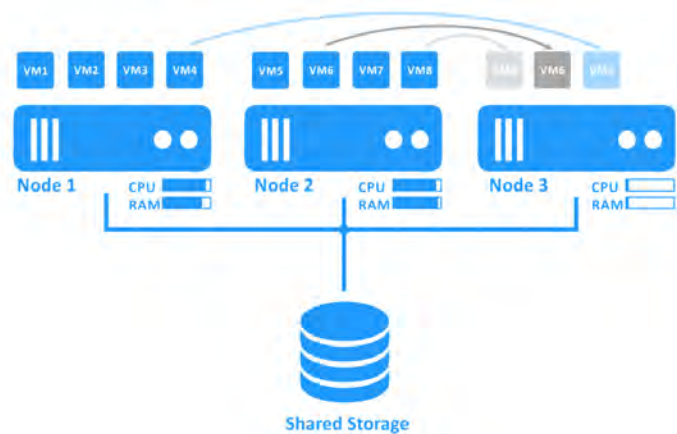
2022

#### Project #

AC-22777

#### Plan

\$100,744



#### Justification

This is the annual program to replace hardware associated with SCADA. In 2022, three nodes will be replaced at the Hansen Treatment Plant. The nodes were installed in 2019 and have a three year expected useful life.

# WaterOne 2022 Budget

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## INFORMATION TECHNOLOGY DIVISION

### Replace

#### Project Description

Server & Storage Replacement Program

#### Year

2022

#### Project #

AC-22039

#### Plan

\$78,355



#### Justification

This program's focus is to provide server hardware and software necessary to support continuing business operations. This program provides for servers and server components necessary to replace equipment that is no longer meeting WaterOne's needs, is out of warranty, or for normal expansion requirements that support the critical infrastructure needs of WaterOne. Additionally, this program provides for miscellaneous software used to monitor and manage the hardware components that make up the server environment. This critical program is a necessary and recurring component of providing reliable computing services.

---

#### Project Description

Fairbanks Lunchroom A/V Upgrades

#### Year

2022

#### Project #

AC-22042

#### Plan

\$55,968



#### Justification

This project replaces the audio-visual components in the Fairbanks lunchroom at the Administrative Headquarters. The existing equipment has been in place since the building's construction over 20 years ago and no longer meets the needs that this space is now utilized for. The new equipment will include microphones, speakers, amplifiers, televisions, and other wiring and connectivity components. Components of this project have a widely varying useful life ranging from 3-4 to 15-20 years.

---

## INFORMATION TECHNOLOGY DIVISION

### Replace

#### Project Description

Printer Replacement Program

#### Year

2022

#### Project #

AC-22005

#### Plan

\$44,774



#### Justification

Annual program to replace printers that are technically deficient, functionally obsolete, or likely to fail. The number of printers replaced per year varies based on existing needs and the typical useful life of a printer is 5+ years.

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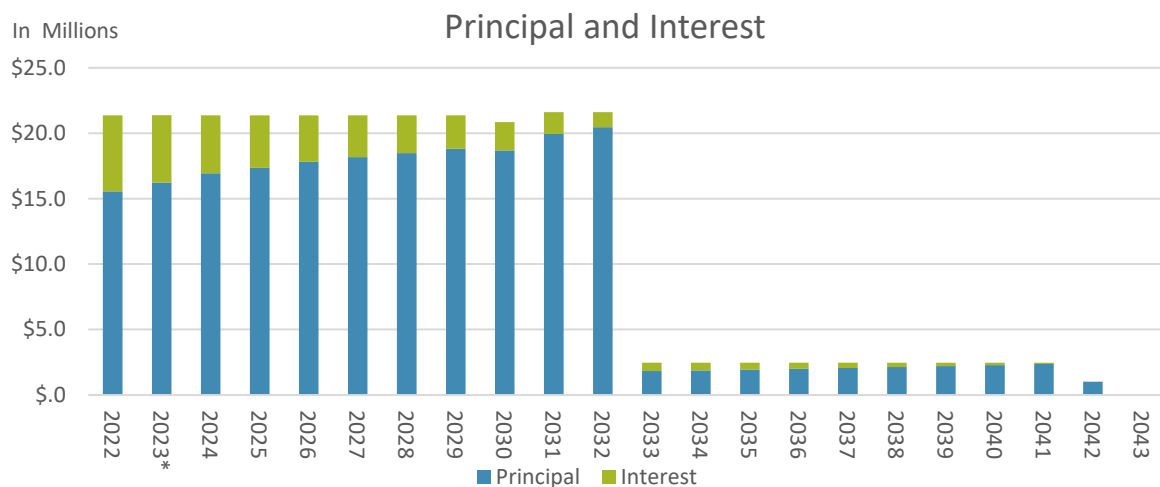
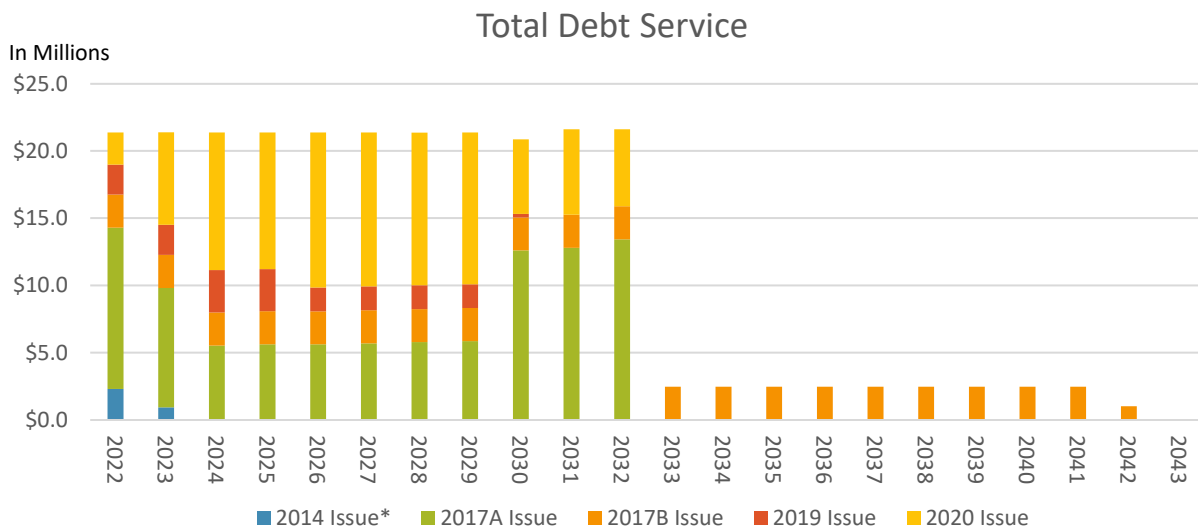
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## Debt Service

In 2022, WaterOne will be responsible for paying the debt service on its outstanding Parity Bonds (Series 2014, 2017A, 2017B, 2019 and 2020).

WaterOne's objective is to structure the composite debt service to be approximately level on a year-to-year basis. This practice supports the policy of smoothed water rate increases. Structured into the level debt service are allowances to blend in new debt in later years.

WaterOne's debt issues are rated highly by Standard and Poor's and Moody's as shown on the Summary of Outstanding Principal Amounts schedule. WaterOne's 2020 debt ratio is 17.9%.



\*the final debt service in 2023 reflects use of the balance of the 2014 Bond Reserve Fund

## DEBT FUNDING

Below is a brief description and history of each outstanding bond issue. The pages subsequent to these descriptions contain tables which show debt service by year for each issue, and outstanding bonds as of the beginning of each year.

### Water Revenue Bonds, Series 2014

The 2014 Series Bonds were issued on February 11, 2014 for the purpose of funding Master Plan projects which included the Ralph G. Wyss Pump Station and associated distribution system improvements. All bonds maturing January 1, 2024 were advanced refunded with the Series 2020 Bonds. Bonds maturing through July 1, 2023 remain outstanding as reflected below.

Original Amount of Bonds issued	\$86,350,000
Outstanding Bonds on Jan. 1, 2022	7,195,000
Debt Service Requirement for 2022	2,300,850
Funding in 2022 for Principal to be Retired	2,015,000
First Callable Maturity	1/1/2024
True Interest Cost (TIC) at time of original bond issue	3.4495%

### Water Revenue Refunding Bonds, Series 2017A

The 2017A Series Bonds were issued on November 8, 2017 for the purpose of refunding \$132,085,000 of the 2007 Series Bonds. The 2017A refunding resulted in a savings of approximately \$10.9 million over 15 years. The original 2007 Bonds were issued for the purpose of funding Master Plan projects which included the Wolcott Treatment Plant and the associated distribution system improvements necessary to deliver additional capacity.

Original Amount of Bonds issued	\$110,205,000
Outstanding Bonds on Jan. 1, 2022	77,510,000
Debt Service Requirement for 2022	11,994,000
Funding in 2022 for Principal to be Retired	9,290,000
First Callable Maturity	1/1/2027
True Interest Cost (TIC) at time of original bond issue	2.4651%



### Water Revenue Bonds, Series 2017B

The 2017B Series Bonds were issued on November 8, 2017 for the purpose of funding Master Plan projects which included the Ozone Treatment Plant.

Original Amount of Bonds issued	<u>\$40,105,000</u>
Outstanding Bonds on Jan. 1, 2022	<u>36,340,000</u>
Debt Service Requirement for 2022	<u>2,459,206</u>
Funding in 2022 for Principal to be Retired	<u>1,230,000</u>
First Callable Maturity	<u>1/1/2027</u>
True Interest Cost (TIC) at time of original bond issue	<u>3.0565%</u>

### Water Revenue Refunding Bonds, Series 2019

The 2019 Series Bonds were issued on December 10, 2019 for the purpose of refunding \$21,770,000 of the 2010 Series Bonds. The 2019 refunding is resulted in a savings of approximately \$2.46 million over 10 years. The original 2010 Bonds were issued for the purpose of funding Master Plan projects which included the Nall Avenue Pump Station and associated distribution system improvements and completing the Wolcott Treatment Plant.

Original Amount of Bonds issued	<u>\$18,610,000</u>
Outstanding Bonds on Jan. 1, 2022	<u>15,555,000</u>
Debt Service Requirement for 2022	<u>2,224,000</u>
Funding in 2022 for Principal to be Retired	<u>1,635,000</u>
First Callable Maturity	<u>1/1/2027</u>
True Interest Cost (TIC) at time of original bond issue	<u>1.7294%</u>

### Taxable Water Revenue Refunding Bonds, Series 2020

The 2020 Series Bonds were issued on November 19, 2020 for the purpose of refunding a portion of the of the 2014 Series Bonds in the amount of \$74,405,000. The 2020 refunding resulted in a savings of approximately \$4.6 million over 12 years. The original 2014 Bonds were issued for the purpose of funding Master Plan projects which included the Ralph G. Wyss Pump Station and associated distribution system improvements.

Original Amount of Bonds issued	<u>\$87,255,000</u>
Outstanding Bonds on Jan. 1, 2022	<u>85,990,000</u>
Debt Service Requirement for 2022	<u>2,392,944</u>
Funding in 2022 for Principal to be Retired	<u>1,390,000</u>
First Callable Maturity	<u>7/1/2030</u>
True Interest Cost (TIC) at time of original bond issue	<u>1.3664%</u>

### **Future Bond Issues**

The schedules in this Debt Funding section of the budget show only outstanding bonds approved by the Board. However, WaterOne's 20-year financial model contains all projected funding sources (water rates, system development charges and projected future bond issues) for WaterOne's capital programs. See 'Total CIP' section for more information.

This budget includes two additional bond issues in the 5-year projected timeframe, in 2023 and 2025. Debt service for projected future bond issues is included in the WaterOne Financial Overview (WFO) schedule on the Debt Service Funding line (see 'Overview' section). The WFO shows the projected Net Bond Proceeds from the two projected bond issues at \$43 million in 2023 and \$66 million in 2025, found in the Master Plan Capital Fund section.

**Summary of Outstanding Principal Amounts  
As of January 1 Each Year**

As of January 1	2007 Bonds	2009 Bonds	2010 Bonds	2012 Bonds	2014 Bonds	2017A Bonds	2017B Bonds	2019 Bonds	2020 Bonds	Total Outstanding Bonds
Bond Ratings S&P/Moody's	AAA/Aaa	AAA/Aaa	AAA/Aaa	AAA/Aaa	AAA/Aaa	AAA/Aaa	AAA/Aaa	AAA/NR	AAA/NR	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2016	146,690,000	7,465,000	26,895,000	3,220,000	85,950,000	-	-	-	-	270,220,000
2017	137,115,000	5,165,000	25,510,000	2,910,000	85,750,000	-	-	-	-	256,450,000
2018	(refunded)	3,725,000	24,065,000	2,340,000	85,170,000	110,205,000	40,105,000	-	-	265,610,000
2019	-	-	22,545,000	1,170,000	84,970,000	102,565,000	39,605,000	-	-	250,855,000
2020	-	-	(refunded)	-	84,770,000	94,730,000	38,625,000	18,610,000	-	236,735,000
2021	-	-	-	-	9,210,000	86,295,000	37,510,000	17,130,000	87,172,857	237,317,857
2022	-	-	-	-	7,195,000	77,510,000	36,340,000	15,555,000	85,990,000	222,590,000
2023	-	-	-	-	5,180,000	68,220,000	35,110,000	13,920,000	84,600,000	207,030,000
2024	-	-	-	-	(adv. ref.)	61,580,000	33,815,000	12,210,000	78,720,000	186,325,000
2025	-	-	-	-	-	57,965,000	32,455,000	9,510,000	69,450,000	169,380,000
2026	-	-	-	-	-	54,075,000	31,025,000	6,725,000	60,195,000	152,020,000
2027	-	-	-	-	-	49,995,000	29,525,000	5,195,000	49,485,000	134,200,000
2028	-	-	-	-	-	45,715,000	27,975,000	3,595,000	38,745,000	116,030,000
2029	-	-	-	-	-	41,255,000	26,395,000	1,935,000	27,965,000	97,550,000
2030	-	-	-	-	-	36,615,000	24,780,000	250,000	17,100,000	78,745,000
2031	-	-	-	-	-	25,100,000	23,120,000	-	11,835,000	60,055,000
2032	-	-	-	-	-	13,045,000	21,410,000	-	5,655,000	40,110,000
2033	-	-	-	-	-	-	19,645,000	-	-	19,645,000
2034	-	-	-	-	-	-	17,825,000	-	-	17,825,000
2035	-	-	-	-	-	-	15,950,000	-	-	15,950,000
2036	-	-	-	-	-	-	14,020,000	-	-	14,020,000
2037	-	-	-	-	-	-	12,030,000	-	-	12,030,000
2038	-	-	-	-	-	-	9,975,000	-	-	9,975,000
2039	-	-	-	-	-	-	7,845,000	-	-	7,845,000
2040	-	-	-	-	-	-	5,640,000	-	-	5,640,000
2041	-	-	-	-	-	-	3,360,000	-	-	3,360,000
2042	-	-	-	-	-	-	1,000,000	-	-	1,000,000
2043	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-

**Bond Ratings and Debt Service Coverage Ratio**

The strong financial position of WaterOne is shown by the assigned ratings from Standard & Poor's and Moody's, as listed above.

A history of WaterOne's strong coverage ratio is shown graphically in the Revenue and Rates section. WaterOne's outstanding bond covenants require a minimum ratio of 1.25. WaterOne Board Policy Number 16 requires that budgeted water rates be maintained at a level which will provide net revenues from operations sufficient to produce an annual coverage ratio of least 2.00 in a normal year.

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### DEBT SERVICE - TOTAL

Years	2007 Bonds	2009 Bonds	2010 Bonds	2012 Bonds	(b) 2014 Bonds	2017A Bonds	(a) 2017B Bonds	2019 Bonds	(b) 2020 Bonds	Total All Bonds
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2016 ...	15,931,589	2,522,250	2,441,638	368,763	3,399,244	-	-	-	-	24,663,484
2017 (a) .	14,990,123	1,608,175	2,456,138	623,213	3,775,244	546,331	35,714	-	-	24,034,938
2018 (a) .	(refunded)	844,550	2,472,638	1,210,950	3,383,144	12,074,860	464,286	-	-	20,450,428
2019 (a) .	-	-	2,465,213	1,186,500	3,378,644	11,791,750	1,677,666	-	-	20,499,773
2020 ...	-	-	(refunded)	-	2,938,997	12,000,000	2,459,956	2,232,978	170,827	19,802,759
2021 ...	-	-	-	-	2,361,300	11,928,250	2,458,456	2,227,000	2,217,732	21,192,738
2022 ...	-	-	-	-	2,300,850	11,994,000	2,459,206	2,224,000	2,392,944	21,371,000
2023 ...	-	-	-	-	5,405,400	8,879,500	2,461,831	2,233,600	6,877,905	25,858,236
2024 ...	-	-	-	-	(adv. ref.)	5,522,500	2,461,456	3,155,200	10,230,751	21,369,908
2025 ...	-	-	-	-	-	5,616,750	2,462,456	3,132,200	10,156,698	21,368,104
2026 ...	-	-	-	-	-	5,612,250	2,460,081	1,765,800	11,529,494	21,367,625
2027 ...	-	-	-	-	-	5,684,850	2,461,131	1,774,600	11,448,593	21,369,174
2028 ...	-	-	-	-	-	5,778,625	2,459,597	1,770,600	11,356,768	21,365,589
2029 ...	-	-	-	-	-	5,858,900	2,459,081	1,757,400	11,292,348	21,367,729
2030 ...	-	-	-	-	-	12,598,450	2,458,463	255,000	5,545,423	20,857,335
2031 ...	-	-	-	-	-	12,793,000	2,458,288	-	6,361,823	21,613,110
2032 ...	-	-	-	-	-	13,421,350	2,461,838	-	5,731,353	21,614,540
2033 ...	-	-	-	-	-	-	2,461,863	-	-	2,461,863
2034 ...	-	-	-	-	-	-	2,462,263	-	-	2,462,263
2035 ...	-	-	-	-	-	-	2,461,013	-	-	2,461,013
2036 ...	-	-	-	-	-	-	2,461,325	-	-	2,461,325
2037 ...	-	-	-	-	-	-	2,458,550	-	-	2,458,550
2038 ...	-	-	-	-	-	-	2,461,625	-	-	2,461,625
2039 ...	-	-	-	-	-	-	2,462,075	-	-	2,462,075
2040 ...	-	-	-	-	-	-	2,459,900	-	-	2,459,900
2041 ...	-	-	-	-	-	-	2,460,100	-	-	2,460,100
2042 ...	-	-	-	-	-	-	1,017,500	-	-	1,017,500
2043 ...	-	-	-	-	-	-	-	-	-	-

Sources for debt service in this schedule are from the annual budget and bond reserve funds. Capitalized interest is excluded

a) The 2017B Bonds have capitalized interest for years 2017, 2018 and 2019. This interest is paid from bond proceeds

b) The 2020 debt service on the 2014 and 2020 Bonds is restated to actual debt service resulting from the 2020 advanced refunding

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### DEBT SERVICE - PRINCIPAL

Years	2007 Bonds	2009 Bonds	2010 Bonds	2012 Bonds	2014 Bonds	2017A Bonds	2017B Bonds	2019 Bonds	2020 Bonds	Total All Bonds	Principal As a % of Total Yr DS
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
2016 ...	9,655,833	2,300,000	1,385,000	310,000	200,000	-	-	-	-	13,850,833	56.16%
2017 ...	9,616,667	1,440,000	1,445,000	570,000	580,000	142,857	35,714	-	-	13,830,238	57.54%
2018 ...	(refunded)	785,000	1,520,000	1,170,000	200,000	7,497,143	464,286	-	-	11,636,429	56.90%
2019 ...	-	-	1,570,000	1,170,000	200,000	7,835,000	980,000	-	-	11,755,000	57.34%
2020 ...	-	-	(refunded)	-	1,155,000	8,435,000	1,115,000	1,480,000	82,143	12,267,143	61.95%
2021 ...	-	-	-	-	2,015,000	8,785,000	1,170,000	1,575,000	1,182,857	14,727,857	69.49%
2022 ...	-	-	-	-	2,015,000	9,290,000	1,230,000	1,635,000	1,390,000	15,560,000	72.81%
2023 ...	-	-	-	-	5,180,000	6,640,000	1,295,000	1,710,000	5,880,000	20,705,000	80.07%
2024 ...	-	-	-	-	(adv. ref.)	3,615,000	1,360,000	2,700,000	9,270,000	16,945,000	79.29%
2025 ...	-	-	-	-	-	3,890,000	1,430,000	2,785,000	9,255,000	17,360,000	81.24%
2026 ...	-	-	-	-	-	4,080,000	1,500,000	1,530,000	10,710,000	17,820,000	83.40%
2027 ...	-	-	-	-	-	4,280,000	1,550,000	1,600,000	10,740,000	18,170,000	85.03%
2028 ...	-	-	-	-	-	4,460,000	1,580,000	1,660,000	10,780,000	18,480,000	86.49%
2029 ...	-	-	-	-	-	4,640,000	1,615,000	1,685,000	10,865,000	18,805,000	88.01%
2030 ...	-	-	-	-	-	11,515,000	1,660,000	250,000	5,265,000	18,690,000	89.61%
2031 ...	-	-	-	-	-	12,055,000	1,710,000	-	6,180,000	19,945,000	92.28%
2032 ...	-	-	-	-	-	13,045,000	1,765,000	-	5,655,000	20,465,000	94.68%
2033 ...	-	-	-	-	-	-	1,820,000	-	-	1,820,000	73.93%
2034 ...	-	-	-	-	-	-	1,875,000	-	-	1,875,000	76.15%
2035 ...	-	-	-	-	-	-	1,930,000	-	-	1,930,000	78.42%
2036 ...	-	-	-	-	-	-	1,990,000	-	-	1,990,000	80.85%
2037 ...	-	-	-	-	-	-	2,055,000	-	-	2,055,000	83.59%
2038 ...	-	-	-	-	-	-	2,130,000	-	-	2,130,000	86.53%
2039 ...	-	-	-	-	-	-	2,205,000	-	-	2,205,000	89.56%
2040 ...	-	-	-	-	-	-	2,280,000	-	-	2,280,000	92.69%
2041 ...	-	-	-	-	-	-	2,360,000	-	-	2,360,000	95.93%
2042 ...	-	-	-	-	-	-	1,000,000	-	-	1,000,000	98.28%
2043 ...	-	-	-	-	-	-	-	-	-	-	

### DEBT SERVICE - INTEREST

Years	2007 Bonds	2009 Bonds	2010 Bonds	2012 Bonds	2014 Bonds	2017A Bonds	(a) 2017B Bonds	2019 Bonds	2020 Bonds	Total All Bonds	Interest As a % of Total Yr DS
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
2016 ...	6,275,755	222,250	1,056,638	58,763	3,199,244	-	-	-	-	10,812,649	43.84%
2017 (a) .	5,373,457	168,175	1,011,138	53,213	3,195,244	403,474	-	-	-	10,204,699	42.46%
2018 (a) .	(refunded)	59,550	952,638	40,950	3,183,144	4,577,717	-	-	-	8,813,999	43.10%
2019 (a) .	-	-	895,213	16,500	3,178,644	3,956,750	697,666	-	-	8,744,772	42.66%
2020 ...	-	-	(refunded)	-	1,783,997	3,565,000	1,344,956	752,978	88,684	7,535,616	38.05%
2021 ...	-	-	-	-	346,300	3,143,250	1,288,456	652,000	1,034,875	6,464,881	30.51%
2022 ...	-	-	-	-	285,850	2,704,000	1,229,206	589,000	1,002,944	5,811,000	27.19%
2023 ...	-	-	-	-	225,400	2,239,500	1,166,831	523,600	997,905	5,153,236	19.93%
2024 ...	-	-	-	-	(adv. ref.)	1,907,500	1,101,456	455,200	960,751	4,424,908	20.71%
2025 ...	-	-	-	-	-	1,726,750	1,032,456	347,200	901,698	4,008,104	18.76%
2026 ...	-	-	-	-	-	1,532,250	960,081	235,800	819,494	3,547,625	16.60%
2027 ...	-	-	-	-	-	1,404,850	911,131	174,600	708,593	3,199,174	14.97%
2028 ...	-	-	-	-	-	1,318,625	879,597	110,600	576,768	2,885,589	13.51%
2029 ...	-	-	-	-	-	1,218,900	844,081	72,400	427,348	2,562,729	11.99%
2030 ...	-	-	-	-	-	1,083,450	798,463	5,000	280,423	2,167,335	10.39%
2031 ...	-	-	-	-	-	738,000	748,288	-	181,823	1,668,110	7.72%
2032 ...	-	-	-	-	-	376,350	696,838	-	76,353	1,149,540	5.32%
2033 ...	-	-	-	-	-	-	641,863	-	-	641,863	26.07%
2034 ...	-	-	-	-	-	-	587,263	-	-	587,263	23.85%
2035 ...	-	-	-	-	-	-	531,013	-	-	531,013	21.58%
2036 ...	-	-	-	-	-	-	471,325	-	-	471,325	19.15%
2037 ...	-	-	-	-	-	-	403,550	-	-	403,550	16.41%
2038 ...	-	-	-	-	-	-	331,625	-	-	331,625	13.47%
2039 ...	-	-	-	-	-	-	257,075	-	-	257,075	10.44%
2040 ...	-	-	-	-	-	-	179,900	-	-	179,900	7.31%
2041 ...	-	-	-	-	-	-	100,100	-	-	100,100	4.07%
2042 ...	-	-	-	-	-	-	17,500	-	-	17,500	1.72%
2043 ...	-	-	-	-	-	-	-	-	-	-	

Sources for debt service in this schedule are from the annual budget and bond reserve funds. Capitalized interest is excluded

a) The 2017B Bonds have capitalized interest for years 2017, 2018 and 2019. This interest is paid from bond proceeds

**2022 Initial Forecast in 2021 Budget vs 2022 Budget**  
**2022 Water Rate Increase = 3.6%**

	2022 Initial Forecast @ 3.6%	2022 Adopted Budget @ 3.6%	\$ Inc (Dec)	% Inc -Dec
1 REVENUES PROVIDED:				
2 OPERATING REVENUES:				
3 Sales of Water - Retail	\$ 123,949,812	\$ 123,750,167	\$ (199,645)	-0.2%
4 Sales of Water - Wholesale	-	77,304	77,304	N/A
5 TOTAL SALES OF WATER	\$ 123,949,812	\$ 123,827,471	\$ (122,341)	
6 Delayed Payment Charges	\$ 550,000	\$ 580,000	\$ 30,000	5.5%
7 Field Service Charges	356,000	365,000	9,000	2.5%
8 Other Operating Revenues	640,000	675,000	35,000	5.5%
9 TOTAL OTHER OPERATING REVENUES	\$ 1,546,000	\$ 1,620,000	\$ 74,000	4.8%
10 Investment Income (General and P&I Funds)	\$ 540,000	\$ 310,000	\$ (230,000)	-42.6%
11 Investment Income (Construction Fund)	-	-	-	N/A
12 Investment Income (SDC Fund)	70,000	-	(70,000)	-100.0%
13 TOTAL INVESTMENT INCOME	\$ 610,000	\$ 310,000	\$ (300,000)	-49.2%
14 TOTAL REVENUES PROVIDED	\$ 126,105,812	\$ 125,757,471	\$ (348,341)	-0.3%
15 REVENUE REQUIREMENTS:				
16 TOTAL OPERATIONS AND MAINTENANCE EXPENSE	\$ 61,919,153	\$ 61,988,617	\$ 69,464	0.1%
17 Annual Capital	\$ 10,810,000	\$ 9,450,000	\$ (1,360,000)	-12.6%
18 T&D Funding	20,670,000	20,690,000	20,000	0.1%
19 TOTAL ANNUAL CAPITAL	\$ 31,480,000	\$ 30,140,000	\$ (1,340,000)	-4.3%
20 TOTAL DEBT SERVICE FUNDING	\$ 21,371,000	\$ 21,371,000	\$ -	0.0%
21 Master Plan Designated	\$ 10,515,659	\$ 11,497,854	\$ 982,195	9.3%
22 Investment Income (Construction & SDC Funds)	70,000	-	(70,000)	-100.0%
23 Repayment to Master Plan for Bond Payoff	-	-	-	N/A
24 TOTAL TRANSFERS TO MASTER PLAN	\$ 10,585,659	\$ 11,497,854	\$ 912,195	8.6%
25 Bond Covenant Required Reserves	\$ 750,000	\$ 760,000	\$ 10,000	1.3%
26 Negative Cash Flow Reserve	-	-	-	N/A
27 TOTAL REQUIRED RESERVE FUNDING	\$ 750,000	\$ 760,000	\$ 10,000	1.3%
28 TOTAL REVENUE REQUIREMENTS	\$ 126,105,812	\$ 125,757,471	\$ (348,341)	-0.3%
29 NET INCOME AVAIL FOR DS COVERAGE ( Ln 14 - Ln 16 )	\$ 64,186,659	\$ 63,768,855	\$ (417,805)	-0.7%
30 REQUIRED DEBT SERVICE ( Ln 20 )	\$ 21,371,000	\$ 21,371,000	\$ -	0.0%
31 DEBT SERVICE COVERAGE ( Ln 29 / Ln 30 )	3.00	2.98	-0.02	
32 ADJUSTMENT TO WATER RATES	3.6%	3.6%	0.0%	

Percentages may not add due to rounding

**ADDITIONAL REVENUE REQUIREMENTS FOR 2022**  
**Based on a 3.6% Rate Increase**

			2021 ADOPTED BUDGET	2022 ADOPTED BUDGET	\$ Inc (Dec)
<b>CHANGES IN REVENUE REQUIREMENTS:</b>					
1	INCREASED OPERATIONS & MAINTENANCE EXPENSES:		\$ 58,879,511	\$ 61,988,617	\$ 3,109,106
	Gross Payroll (Includes Overtime)	\$ 1,594,207 5.0%			
	PC Software License & Maintenance	\$ 689,797 40.6%			
	Chemicals	\$ 444,548 9.3%			
	Property & Liability Insurance	\$ 208,000 27.6%			
	Inventory Withdrawal (Includes Fuel)	\$ 183,043 27.5%			
	Other	\$ (10,489) -0.1%			
2	INCREASED CAPITAL:		\$ 27,600,000	\$ 30,140,000	\$ 2,540,000
	Annual Capital	\$ 995,000			
	T&D Funding	\$ 1,545,000			
3	INCREASED DEBT SERVICE FUNDING:		\$ 21,192,738	\$ 21,371,000	\$ 178,262
4	DECREASED TRANSFERS TO MASTER PLAN:		\$ 13,244,122	\$ 11,497,854	\$ (1,746,267)
	Master Plan Designated	\$ (1,746,267)			
	Investment Income (Construction & SDC Funds)	\$ -			
	Repayment to Master Plan for Bond Payoff	\$ -			
5	INCREASED FUNDING TO REQUIRED RESERVES:		\$ 210,000	\$ 760,000	\$ 550,000
	Bond Covenant Required Reserves	\$ 550,000			
	Negative Cash Flow Reserve	\$ -			
6	TOTAL INCREASE IN REVENUE REQUIREMENTS		\$ 121,126,371	\$ 125,757,471	\$ 4,631,100
<b>CHANGES IN REVENUES AVAILABLE:</b>					
7	INCREASED INVESTMENT INCOME:		\$ 300,000	\$ 310,000	\$ 10,000
	Investment Income (General and P&I Funds)	\$ 10,000			
	Investment Income (Construction & SDC Funds)	\$ -			
8	INCREASED REVENUE FROM OTHER OPER REVENUE:		\$ 1,543,000	\$ 1,620,000	\$ 77,000
	Delayed Payment Charges	\$ 30,000			
	Other Operating Revenue	\$ 35,000			
	Field Service Charges	\$ 12,000			
9	DECREASED REVENUE FROM REVENUE ADJUSTMENTS:		\$ -	\$ (880,070)	\$ (880,070)
	Lower R1 Gallons per Customer	\$ (765,613)			
	True-up of 2020 Actual Customers	\$ (87,695)			
	Meter Mix True Up	\$ (26,762)			
10	INCREASED REVENUE FROM 2022 NEW CUSTOMERS @ 2021 RATES:		\$ -	\$ 1,066,875	\$ 1,066,875
11	TOTAL INCREASE IN REVENUES AVAILABLE		\$ 1,843,000	\$ 2,116,805	\$ 273,805
12	ADJUSTMENT TO WATER RATES IN 2022 (Line #6 - #11)			Rate Adjustment 3.6%	\$ 4,357,295



### Budgeted Gallons and Revenue by Customer Type

(A)  Customer Type		(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
		Budgeted Average Customers	Avg Annual Gallons Per Cust	Budgeted Total 1,000 Gals	Budgeted Block 1 Gallons	Budgeted Block 2 Gallons	Budgeted Volume Charge Revenue	Budgeted Service Charge Revenue	Volume Charge Revenue %	Service Charge Revenue %
		(B x C)							(I/ (G+H))	(J/ (G+H))
1 Residential	(R1)	138,396	82,009	11,349,737	8,512,303	2,837,434	\$ 55,415,091	\$ 21,223,506	72%	28%
2 Multi Family	(M1)	5,113	425,000	2,173,025	1,912,262	260,763	9,996,784	2,260,507	82%	18%
3 Small Commercial	(C1)	5,045	210,000	1,059,450	529,725	529,725	5,747,516	1,274,743	82%	18%
4 Large Commercial	(C2)	3,437	1,417,537	4,872,074	3,410,452	1,461,622	24,316,523	3,017,327	89%	11%
5 Subtotal		151,991	127,996	19,454,286	14,364,742	5,089,545	\$ 95,475,914	\$ 27,776,083	77%	23%
6 Temp. Commercial	(C3)	249	133,500	33,242	13,982	19,260	\$ 216,402	\$ 281,768	43%	57%
7 Total Retail		152,240	128,005	19,487,528	14,378,723	5,108,805	\$ 95,692,316	\$ 28,057,851	77%	23%
8 Wholesale	(W1)	1	34,000,000	34,000	74,120	-	74,120	3,184	96%	4%
9 GRAND TOTAL		152,241	128,228	19,521,528	14,452,843	5,108,805	95,766,436	28,061,035	77%	23%

"Per Customer" shown in whole gallons.

(G+H)

**Total Water Sales Revenue** \$123,827,471

### Customer Growth by Customer Type with SDC Revenue

Customer Type		CUSTOMER GROWTH		SDC's	
		2021 Budget	2022 Budget	2022 Rate	2022 Budget
10 Residential	(R1)	1,070	1,170	\$5,000	\$5,850,000
11 Multi Family	(M1)	65	75	\$5,000	\$375,000
12 Small Commercial	(C1)	20	20	\$5,000	\$100,000
13 Large Commercial	(C2)	45	35	\$5,000	\$175,000
14 Total Retail		1,200	1,300	\$5,000	\$6,500,000

### Wholesale Growth with User Fee Revenue

15 Wholesale	(W1)	-	1	\$388,800	\$388,800
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**CUSTOMER & WATER SALES STATISTICS**  
**ADOPTED 2021 BUDGET COMPARED TO ADOPTED 2022 BUDGET**

	ADOPTED 2021 BUDGET			ADOPTED 2022 BUDGET			
	Amount	Per 1,000 Gal	Average Per Customer	Amount	% Inc	Per 1,000 Gal	Average Per Customer

**1 SINGLE FAMILY - (R1):**

2	Average Customers Served	137,420		138,396	0.7%		
3	% of Total Customers Served	90.93		90.91			
4	Thousand Gallons Sold	11,441,316	83,258	11,349,737	-0.8%		82,009
5	% of Total Gallons Sold	58.7%		58.1%			
6	Service Charge Revenue	\$ 20,315,876	\$ 1.78	\$ 21,223,506	4.5%	\$ 1.87	\$ 153.35
7	Volume Charge Revenue	54,003,010	4.72	55,415,090	2.6%	4.88	400.41
8	Total Water Sales Revenue	\$ 74,318,886	\$ 6.50	\$ 76,638,596	3.1%	\$ 6.75	\$ 553.76
9	% of Volume Water Sales	58.44%		57.86%			
10	% of Total Water Sales	62.30%		61.89%			

**11 MULTI-FAMILY - RESIDENTIAL (M1):**

12	Average Customers Served	5,039		5,113	1.5%		
13	% of Total Customers Served	3.33		3.36			
14	Thousand Gallons Sold	2,141,575	425,000	2,173,025	1.5%		425,000
15	% of Total Gallons Sold	11.0%		11.1%			
16	Service Charge Revenue	\$ 2,155,500	\$ 1.01	\$ 2,260,507	4.9%	\$ 1.04	\$ 442.11
17	Volume Charge Revenue	9,707,331	4.53	9,996,784	3.0%	4.60	1,955.17
18	Total Water Sales Revenue	\$ 11,862,831	\$ 5.54	\$ 12,257,291	3.3%	\$ 5.64	\$ 2,397.28
19	% of Volume Water Sales	10.5%		10.4%			
20	% of Total Water Sales	10.0%		9.9%			

**21 SMALL COMMERCIAL (C1):**

22	Average Customers Served	5,017		5,045	0.6%		
23	% of Total Customers Served	3.32		3.31			
24	Thousand Gallons Sold	1,053,570	210,000	1,059,450	0.6%		210,000
25	% of Total Gallons Sold	5.4%		5.4%			
26	Service Charge Revenue	\$ 1,222,585	\$ 1.16	\$ 1,274,743	4.3%	\$ 1.20	\$ 252.67
27	Volume Charge Revenue	5,352,136	5.08	5,747,516	7.4%	5.42	1,139.25
28	Total Water Sales Revenue	\$ 6,574,721	\$ 6.24	\$ 7,022,259	6.8%	\$ 6.63	\$ 1,391.92
29	% of Volume Water Sales	5.8%		6.0%			
30	% of Total Water Sales	5.5%		5.7%			

**31 LARGE COMMERCIAL (C2):**

32	Average Customers Served	3,400		3,437	1.1%		
33	% of Total Customers Served	2.25		2.26			
34	Thousand Gallons Sold	4,830,791	1,420,821	4,872,074	0.9%		1,417,537
35	% of Total Gallons Sold	24.8%		25.0%			
36	Service Charge Revenue	\$ 2,903,216	\$ 0.60	\$ 3,017,327	3.9%	\$ 0.62	\$ 877.90
37	Volume Charge Revenue	23,149,148	4.79	24,316,523	5.0%	4.99	7,074.93
38	Total Water Sales Revenue	\$ 26,052,364	\$ 5.39	\$ 27,333,850	4.9%	\$ 5.61	\$ 7,952.82
39	% of Volume Water Sales	25.1%		25.4%			
40	% of Total Water Sales	21.8%		22.1%			

**41 SUB-TOTAL RETAIL:**

42	Average Customers Served	150,876		151,991	0.7%		
43	% of Total Customers Served	99.84		99.84			
44	Thousand Gallons Sold	19,467,251	129,028	19,454,286	-0.1%		127,996
45	% of Total Gallons Sold	99.8%		99.7%			
46	Service Charge Revenue	\$ 26,597,177	\$ 1.37	\$ 27,776,083	4.4%	\$ 1.43	\$ 182.75
47	Volume Charge Revenue	92,211,625	4.74	95,475,913	3.5%	4.91	628.17
48	Total Water Sales Revenue	\$ 118,808,802	\$ 6.10	\$ 123,251,996	3.7%	\$ 6.34	\$ 810.92
49	% of Volume Water Sales	99.8%		99.7%			
50	% of Total Water Sales	99.6%		99.5%			

**CUSTOMER & WATER SALES STATISTICS**  
**ADOPTED 2021 BUDGET COMPARED TO ADOPTED 2022 BUDGET**

	ADOPTED 2021 BUDGET			ADOPTED 2022 BUDGET			
	Amount	Per 1,000 Gal	Average Per Customer	Amount	% Inc	Per 1,000 Gal	Average Per Customer

**51 TEMPORARY COMMERCIAL (C3):**

52	Average Customers Served	243		249	2.5%		
53	% of Total Customers Served	0.16		0.16			
54	Thousand Gallons Sold	33,242	136,796	33,242	0.0%		133,500
55	% of Total Gallons Sold	0.2%		0.2%			
56	Service Charge Revenue	\$ 281,768	\$ 8.48	\$ 281,768	0.0%	\$ 8.48	\$ 1,131.60
57	Volume Charge Revenue	192,801	5.80	216,403	12.2%	6.51	869.09
58	Total Water Sales Revenue	\$ 474,569	\$ 14.28	\$ 498,171	5.0%	\$ 14.99	\$ 2,000.69
59	% of Volume Water Sales	0.2%		0.2%			
60	% of Total Water Sales	0.4%		0.4%			

**61 TOTAL ALL RETAIL CUSTOMERS:**

62	Average Customers Served	151,119		152,240	0.7%		
63	% of Total Customers Served	100.00		100.00			
64	Thousand Gallons Sold	19,500,493	129,041	19,487,528	-0.1%		128,005
65	% of Total Gallons Sold	100.0%		99.8%			
66	Service Charge Revenue	\$ 26,878,945	\$ 1.38	\$ 28,057,851	4.4%	\$ 1.44	\$ 184.30
67	Volume Charge Revenue	92,404,426	4.74	95,692,316	3.6%	4.91	628.56
68	Total Water Sales Revenue	\$ 119,283,371	\$ 6.12	\$ 123,750,167	3.7%	\$ 6.35	\$ 812.86
69	% of Volume Water Sales	100.0%		99.9%			
70	% of Total Water Sales	100.0%		99.9%			

**71 WHOLESALE (W1):**

72	Average Customers Served	-		1	N/A		
73	% of Total Customers Served	0.0%		0.0%			
74	Thousand Gallons Sold	-		34,000.0	N/A		34,000,000
75	% of Total Gallons Sold	0.0%		0.2%			
76	Service Charge Revenue	\$ -		\$ 3,184	N/A	\$ 0.09	\$ 3,184.00
77	Volume Charge Revenue	-		74,120	N/A	2.18	74,120.00
78	Total Water Sales Revenue	\$ -		\$ 77,304	N/A	\$ 2.27	\$ 77,304.00
79	% of Total Water Sales	0.0%		0.1%			

**80 TOTAL ALL CUSTOMER CLASSES:**

81	Average Customers Served	151,119		152,241	0.7%		
82	Thousand Gallons Sold	19,500,493	129,041	19,521,528	0.1%		128,228
83	Service Charge Revenue	\$ 26,878,945	\$ 1.38	\$ 28,061,035	4.4%	\$ 1.44	\$ 184.32
84	Volume Charge Revenue	92,404,426	4.74	95,766,436	3.6%	4.91	629.04
85	Total Water Sales Revenue	\$ 119,283,371	\$ 6.12	\$ 123,827,471	3.8%	\$ 6.34	\$ 813.36

**Notes:**

- 1 Reflects a 3.6% revenue increase due to a change in water rates to be effective 1-1-2022.
- 2 Consistent with past practice, projections are prepared on a "normal" year basis.
- 3 May not add due to rounding.

**MISCELLANEOUS FEES AND CHARGES**

Delayed Payment Charge (as a % of the unpaid current amount)	5%
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Field Service Charges

Field Trip Charge	\$25
Reconnection Trip Charge	\$25
After Hours Reconnection Trip Charge	\$80
Returned Check Charge	\$25
Remote Connection Fee	\$25
Manual Meter Reading Fee	\$80

**SYSTEM DEVELOPMENT CHARGES**

System Development Charges are paid on new service connections in order to compensate for the applicable costs of investment required for existing and future water supply, treatment, transmission and distribution facilities, including major improvements to existing and future facilities which contribute to system capacity.

**Meter Size/Type (a)**

5/8" Displacement Meter (BASE)	\$5,000
3/4" Displacement Meter	7,500
1" Displacement Meter	12,500
1 1/2" Displacement Meter	25,000
1 1/2" Turbine	30,000
2" Displacement Meter	40,000
2" Compound Meter	40,000
2" Turbine	47,500
3" Compound Meter	87,500
3" Turbine Meter	108,750
4" Compound Meter	150,000
4" Turbine Meter	187,500

(a) The meter sizes listed in the schedule are not intended to be all inclusive. Retail System Development Charges for meters not listed in the schedule will be determined based on the meter capacity ratio using the 5/8 inch displacement meter as the basis for comparison.

**CAPITAL PROJECT COST BENEFIT ANALYSIS  
BUDGET YEAR 2022**

Originator: Natalie Morrison Capital Number: AC-22810  
 Capital Item Requested: Solar Panel License - BPU Phase II  
 Cost: \$434,916 Estimated Life: 20 Years Date: 01-May-21

**PAYBACK PERIOD**

End of Year	0	2	4	6	8	10	12	14	16	18	20
	2022	2024	2026	2028	2030	2032	2034	2036	2038	2040	2042
<b>PROPOSED COSTS:</b>											
License Cost per BPU Solar Panel	\$389										
# of WaterOne Panel Licenses	1,000										
Overheads	46,376										
<b>Total</b>	<b>\$434,916</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>PROPOSED SAVINGS:</b>											
Total BPU Solar Field Power Supply (kWh)	1,650,500	3,263,957	3,215,181	3,167,134	3,119,805	3,073,184	3,027,259	2,982,020	2,937,457	2,893,561	2,850,320
Degradation of Solar Panels	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
% of Total Panels Licensed by WaterOne	26.46%	26.46%	26.46%	26.46%	26.46%	26.46%	26.46%	26.46%	26.46%	26.46%	26.46%
Power Available to WaterOne (kWh)	436,640	863,481	850,577	837,866	825,345	813,012	800,862	788,894	777,105	765,492	754,053
Energy Credit per kWh	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08	\$0.08
Discount Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
<b>WaterOne Energy Credit</b>	<b>\$34,931</b>	<b>\$69,078</b>	<b>\$68,046</b>	<b>\$67,029</b>	<b>\$66,028</b>	<b>\$65,041</b>	<b>\$64,069</b>	<b>\$63,112</b>	<b>\$62,168</b>	<b>\$61,239</b>	<b>\$60,324</b>
<b>Positive sign indicates net savings</b>											
Net Cashflow/Savings	(\$399,985)	\$69,078	\$68,046	\$67,029	\$66,028	\$65,041	\$64,069	\$63,112	\$62,168	\$61,239	\$60,324
<b>Net Present Value</b>	<b>(\$399,985)</b>	<b>(\$330,598)</b>	<b>(\$268,952)</b>	<b>(\$211,153)</b>	<b>(\$156,961)</b>	<b>(\$106,151)</b>	<b>(\$58,512)</b>	<b>(\$13,846)</b>	<b>\$28,032</b>	<b>\$67,296</b>	<b>\$104,111</b>
<b>Payback Years:</b>	<b>16.2</b>										

**Benefit Analysis Assumptions:**

Assumes 1,000 panels licensed. The total panels in the solar field are 3,780.

Assumes O&M credit of \$0.08 per kWh.

Assumes the degradation of a panel at a rate of 0.75% yearly.

Assumes total power supply of 1,700,000 kW as a base provided by BPU in 2018. Degredation will occur and output is projected to be 1,650,500 in 2022.

Assumes a 2.5% discount rate.

## CAPITAL PROJECT COST BENEFIT ANALYSIS BUDGET YEAR 2022

Originator: Kevin Carter Capital Number: AC-22111  
 Capital Item Requested: Horizontal Directional Drill Machine  
 Cost: 436,643 Estimated Life: 10 Date: 01-Jun-21

### PAYBACK PERIOD

End of Year	0	1	2	3	4	5
	2022	2023	2024	2025	2026	2027
<b>PROPOSED COSTS:</b>						
Equipment	\$ 436,643					
Material						
Restoration Costs	\$126,060	\$132,363	\$138,981	\$145,930	\$153,227	\$160,888
Other						
<b>Total</b>	<b>\$562,703</b>	<b>\$132,363</b>	<b>\$138,981</b>	<b>\$145,930</b>	<b>\$153,227</b>	<b>\$160,888</b>
<b>CURRENT COSTS:</b>						
Material						
Restoration Costs	\$239,100	\$251,055	\$263,608	\$276,788	\$290,628	\$305,159
Other						
<b>Total</b>	<b>\$239,100</b>	<b>\$251,055</b>	<b>\$263,608</b>	<b>\$276,788</b>	<b>\$290,628</b>	<b>\$305,159</b>
Net Cashflow/Savings	<b>Positive sign indicates net savings</b>					
Current Less Proposed Costs	(\$323,603)	\$118,692	\$124,627	\$130,858	\$137,401	\$144,271
Cumulative	(\$323,603)	(\$204,911)	(\$80,284)	\$50,574	\$187,974	\$332,245
Payback Years:				2.61	PB+	PB+

### **Benefit Analysis Assumptions:**

Assumes 6,000 feet of pipe per year.  
 Assumes open cut cost of \$39.85/ft for restoration costs (based on actual job costs).  
 Assumes directional drill cost of \$21.01/ft for restoration costs (based on actual job costs).  
 Assumes no reduction in contracted services, an HDD contractor will continue to be utilized as needed.  
 Assumes a 5% inflation rate for restoration costs based on the ENR CCI.  
 No soft dollar time savings assumed, no soft dollar maintenance costs assumed.  
 Routine repairs and maintenance will be performed by WaterOne personnel.  
*A study named Sustainable Replacement of Aging Drinking Water Lines Using Horizontal Directional Drilling Technology found that the HDD installation method emitted approximately 23% of airborne emissions compared to open cut. Traffic was less impacted and productivity was also better with the HDD method.*  
[https://sustainability.hapres.com/htmls/JSR\\_1248\\_Detail.html](https://sustainability.hapres.com/htmls/JSR_1248_Detail.html)

**WATER ONE FISCAL  
POLICIES AND PROCEDURES**

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**Introduction**

These formal Fiscal Policies of Water District No. 1 of Johnson County (WaterOne) are a combination of Kansas Statutes, Board Policy, Rules and Regulations and Bond Covenants (the “Source Documents”), Board action or resolution, and internal procedures and practices.

In the event the content of these Fiscal Policies conflict with a Source Document, the Source Document shall take precedence. Where applicable, the Source Documents are referenced in italics.

Informal practices and procedures supporting the formal Fiscal Policies have evolved through day-to-day operations associated with annual budgeting, capital improvement programs, debt issuance, and debt management.

This document lists WaterOne’s Fiscal Policies and explains the practices and procedures that support these formal policies. In developing formal versus informal policies, accountability to WaterOne’s stakeholders has been carefully balanced with management flexibility.

These written formal and informal Fiscal Policies and procedures are reviewed as part of WaterOne’s annual budget process. The annual budget is prepared in compliance with the Fiscal Policies.

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## I. OVERVIEW

WaterOne is a quasi-municipal entity. It was created under **Kansas Statutes Annotated (K.S.A.) 19-3501 to 19-3521a**, with all of its powers and subject to all of its provisions.

### **101. Formation of WaterOne**

- The governing body of WaterOne (the Board) is comprised of seven members, each serving a four-year term. Elections are held in odd-numbered years with four members elected at one time, and then the other three members are elected the next odd-numbered year.

- The Board approves water rates, system development charges, revenue bonds and all other incidental charges and fees as deemed necessary in the operation of WaterOne.

*Bond Covenants – Section 902. Rate Covenant  
K.S.A. 19-3502*

- The Board selects a General Manager who is responsible for bringing issues to the Board in a prudent manner.

*K.S.A. 19-3510  
Board Policy No. 11*

### **102. Reasonable and Prudent Person Standard**

- The standard of care to be used by elected officials and management staff shall be the “reasonable and prudent person” standard and shall be applied in the context of managing the overall operations of WaterOne and its policies and procedures.

### **103. Ethical Standards**

- WaterOne is committed to the highest legal, ethical, and moral standards in the conduct of WaterOne business. Every employee of WaterOne is expected to maintain and foster such standards.
- It is the firm policy of WaterOne that all employees shall avoid any situation or activity that involves or may involve an abuse of funds, abuse of equipment or property, or a conflict between WaterOne and the individual’s personal interest – financial or otherwise.

*WaterOne Personnel Policy Manual*

**104. Fiscal Year**

- WaterOne's fiscal year is from January 1 to December 31.  
*K.S.A. 19-3521*

**105. Generally Accepted Accounting Principles**

- WaterOne follows Generally Accepted Accounting Principles (GAAP) on the modified accrual basis of accounting when preparing financial reports. Revenues are recognized when earned. Expenditures are recognized when the liability is incurred or deferred charges are amortized.

**106. Financial Reporting**

- WaterOne has installed and maintained proper books, records and accounts for the correct entry and presentation of all financial transactions.
- WaterOne follows the Government Finance Officers Association (GFOA) recommended Financial Reporting Practices in publishing timely (monthly) interim Financial Statements.
- WaterOne's Board shall select an outside auditor for WaterOne's yearly audit and shall approve the award of the contract to the auditor. All external audits, normal or special, require approval of WaterOne's Board.  
*Board Policy #13 – Audit Policy*  
*K.S.A. 19-3516 (c)*
- Annual Audits are performed.  
*K.S.A. 19-3516 (c)*  
*Bond Covenants – Section 907. Annual Audit*
- Audit Reports must be published within 90 days of year-end.  
*K.S.A. 19-3521*

**107. Financial Advisors**

- Certain consultants, including Financial Advisors, are retained by the Board because their services are enhanced by continuity and an in-depth knowledge of WaterOne. In order to assure the quality of service, these consultants are subject to evaluations by appropriate staff and the Board on an annual basis. The firm's fee schedule and rates will be evaluated at least every three years.  
*Board Policy #27 – Consultant Review*

## II. FINANCIAL PLANNING POLICIES

### **201. Responsibilities**

- Unless otherwise specifically delegated or assigned by resolution or other Board Policy, WaterOne's Board reserves final approval of all decisions relating to the Budget including limits on the number of employees.  
*Board Policy #11 – Subjects Requiring Board Authorization*
- The Board of WaterOne is responsible for adopting a prudent, balanced annual budget.
- The General Manager of WaterOne is responsible for recommending the annual budget to the Board for approval.
- Directors and Managers are responsible for developing and justifying a budget that allows for operation of WaterOne in a responsible, cost-effective manner.

### **202. Annual Budgeting**

- WaterOne's operating budget for revenue and expenses is prepared on an accrual basis which is consistent with accounting principles established by the Governmental Accounting Standards Board (GASB). Revenues are budgeted based on projections of income to be earned in the year being budgeted and most expenses are recorded when the liabilities are expected to occur. When budgeting WaterOne deviates from accounting rules with two accounts. Defined Benefit Pension expenses and Other Post Employment Benefits (OPEB) expenses are budgeted to match WaterOne's expected funding requirement for the budget year rather than the expected accounting based "expense" amount.
- Funding, designated for capital spending that is not complete at the end of the budget year, may be set aside for use in future years to complete authorized capital projects.
- Funding associated with operating and maintenance expense may not be used in future years.
- Year-end general fund balance, in excess of reserve requirements, may be designated by the Board for future use.
- WaterOne annually adopts a balanced budget where Total Revenues Provided equals Total Revenue Requirements including designations to reserve funds.

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FISCAL POLICIES & PROCEDURES

- The current year budget is projected based on a “normal” year. Historical revenue and expenditure trends are analyzed to define “normal”.
- WaterOne’s annual operating budget is developed using a line item format and includes:
  - a. Revenues
    - Water Sales Revenues
    - Other Operating Revenues
    - Investment Income
  - b. Operating and Maintenance Expense (including Staffing Levels)
  - c. Total Annual Capital
  - d. Debt Service Funding
  - e. Transfers to Master Plan
  - f. Funding to Reserves
- Water rate increases are “smoothed” over a period of years to avoid rate spikes. WaterOne’s objective is to structure composite debt service to be approximately level on a year-to-year basis where appropriate, which avoids significant roller-coaster types of increases and decreases in debt service and enables water rates to remain relatively stable (smoothed) over time.
- Should revenues not materialize in a given year, expenditures are reduced and/or reserves are utilized to offset the shortfall.
- A Budget Calendar is prepared with the following timelines:

March	Budgeting Materials Distributed to Staff
April	Initial Budgets Completed by Management Staff
July	General Manager Reviews Division/Departmental Budgets
October	Balanced Budget Recommended to Board
October	Board Review with WaterOne staff
November	Public Hearing
December	Final Board Approval

**203. Five Year Budget**

- Each year, in conjunction with the annual budget, detailed rolling 5-year annual capital and new personnel budgets are projected. Last year’s projection becomes this year’s guideline. Deviations from projections are analyzed, documented, and adjustments are made as appropriate.

**204. Multi-Year Forecasting**

- To aid in financial planning, a 20-year financial model is used as a guideline for current year budgeting and rate setting. Projections include revenues, operating expenditures, total capital improvement project (CIP) costs, debt service requirements, customer growth, gallons per customer, investment rates of return, rate increases, bond sizing, and debt service coverage. Together these are used to:
  - a. Project long-term sustainability of core services within projected revenue sources.
  - b. Project operating revenues and capital reserves available for direct funding of capital projects.
  - c. Project debt financing for capital projects within targeted debt coverage ratios.
- The 20-year financial model is updated annually to reflect emerging issues to ensure that it reflects the current environment.

### III. REVENUE POLICIES

#### **301. Developing Water Rates**

- WaterOne will establish, maintain and collect rates, fees, and charges sufficient to pay all obligations as defined in the Water Rate Covenant.  
*Bond Covenants – Section 902. Rate Covenant*  
*K.S.A. 19-3502*
- WaterOne will not provide water or any of its tools that produce water without a reasonable charge with the exception of fire suppression, emergency services, mutual aid to other governmental entities, or de minimus use of facilities or services for public purposes.
- Projections for Water Sales Revenues are developed using customer growth and customer class water usage standards. Standards are developed by using historical trends to define “normal”, which prevents fluctuations based on weather or economic conditions. These standards are reviewed annually for reasonableness.
- Investment income is developed based on current market conditions, advice of financial advisors, and trending for future years.
- One-time revenues should not be used to fund normal, ongoing operations and consequently are not included as a revenue source in the development of the annual budget. For example, the sale of land or buildings.

#### **302. Rate Classifications**

- Water rates are established using a Cost of Service (COS) recovery method for volume and service charges. Cost of Service Studies are conducted by outside financial consultants at a minimum of every five years. Staff updates a COS model in the interim years for reasonableness and trend analysis.  
*Rules & Regulations Rule II. Definitions*  
*Rules & Regulations Rule VII. Water Rates*
- Wholesale Rates are developed based on COS.  
*Rules & Regulations Rule II. Definitions*  
*Rules & Regulations Rule VII. Water Rates*

### **303. Peak Management Structure**

- Effective in 1994, the Board approved using Peak Management Rates (PMR) as the fee structure for water rates. PMR is an inclining rate structure. The goal is to reduce usage peaks. Reducing peak usage allows investment in additional capacity to be delayed. It also promotes equity among rate payers as high peak usage customers pay for the additional capacity they use.

*Rules & Regulations Rule II. Definitions*

*Rules & Regulations Rule VII. Water Rates*

- The PMR structure differs from the traditional inclining block structure in that each customer's block charges are individualized based on their personal average winter consumption (AWC).

*Rules & Regulations, Rule II*

- Block I equals 125% of AWC, Block II is usage in excess of 125%. Default AWCs are used for each class so customers with relatively low consumption will not be penalized.

*Rules & Regulations, Rule VII*

### **304. System Development Charges (SDCs)**

- Water One has a philosophy of "growth pays for growth".
- System Development Charges (SDCs) are impact fees charged to new customers who connect onto the Water System. SDC Revenues are NOT part of the annual budget. SDC funds generated are used for the building or replacement of supply, treatment, transmission, and distribution facilities, or for the retirement of debt issued for that purpose.

*Rules & Regulations, Rule II*

- For every new retail Service Connection Application such new service connection shall be subject (in addition to the service connection charge) to a System Development Charge to compensate for the applicable costs of investment required for existing and future water supply, treatment, transmission and distribution facilities.

*Rules and Regulations Rule XI. Retail System Development Charge, Purpose and Amount*

- SDCs are developed for a determined period of time and may be "phased-in" year-by-year at the discretion of the Board.

*Rules and Regulations Rule XI.*

- SDCs are Cost of Service based using the "buy-in method". This calculation methodology uses the integrated transmission and major distribution system in the



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system development charge calculations and also considers all supply and treatment facilities, regardless of whether or not they add additional capacity to the system. Under this methodology, a new customer is required to “buy-in” to the existing system so that they are on an equal equity basis with all other customers having similar service requirements.

*Rules and Regulations Rule XI.*

- Cost of Service Studies are conducted by outside financial consultants at a minimum of every five years. Staff updates a COS model in the interim years for reasonableness.
- To be conservative in revenue projections, SDC revenue is forecast as if all services sold were at 5/8” connection size, even though the larger sizes are more expensive.
- Wholesale User Fees are computed based on Max Day and Max Hour requirements.

**305. Water System General Fund**

- All revenues derived and collected by WaterOne from the operation of the Water System will be paid and deposited into the Water System General Fund.

*Bond Covenants – Section 702. Water System General Fund*

- The manner in which WaterOne may administer and deposit moneys from the General Fund is outlined in the Kansas Statutes and bond covenants.

*K.S.A. 19-3516(a)*

*Bond Covenants – Section 703. Application of Moneys in Funds*

#### **IV. EXPENDITURE POLICIES (Operation & Maintenance Expense)**

##### **401. Expenditures - General**

- Operating expenses include personnel costs, benefits, commodities, and services.
- The Board may approve expenditures in excess of the budget if funds are available.
- Funding is provided for the adequate maintenance of equipment, facilities and infrastructure.
- Appropriate costs are capitalized in order to match the cost of the asset with its useful life. Capitalization thresholds are reviewed annually.
- Cost standards and overhead calculations are utilized as a method for standardizing cost transference from Operation and Maintenance expense accounts to capital projects or for charging to a third party. They are reviewed annually and updated as necessary.
- Personnel costs are budgeted at 99% to recognize the “slippage” factor. Slippage accounts for such things as turnover in positions, vacancy rates and attrition.

##### **402. Pension**

- Pension costs are fully funded as determined by annual actuarial studies.
- Pension gains and losses are recognized and amortized per actuarial formulas.

##### **403. Insurance**

- WaterOne will carry and maintain a reasonable amount of fire, public liability, workmen’s compensation, and fidelity insurance in amounts comparable to those held by similar municipalities in the State of Kansas and costs of insurance shall be paid as an operating cost out of the revenues of the Water System.

*Bond Covenants – Section 905. Insurance*

#### **404. Procurement Contracts**

- WaterOne's capital and operating budgets are reviewed by the respective Directors and submitted to the General Manager who reviews them and makes a recommendation to the Board for approval. Therefore, staff approval will be given for disbursements for items included in the budget up to the following aggregate amounts:

Manager	\$0 to \$ 5,000
Assistant Director - Production	\$0 to \$10,000
Director	\$0 to \$10,000
General Manager:	\$100,000

*(See Limitations to the authority of the General Manager – Board Policy #11 Cited Above and WaterOne Purchasing Policy)*

- Procurement contracts for aggregate expenditures up to \$50,000 can be approved by the General Manager, procurement contracts for aggregate expenditures from \$50,000 to \$100,000 require notification of the Board Chairman or Vice Chairman, and procurement contracts for aggregate expenditures over \$100,000 require Board approval.

*Board Policy #11 – Subjects Requiring Board Authorization*

#### **405. Change Orders**

- Change Orders for increases on construction projects in excess of \$25,000 for any one increase must be approved by the Board.

*Board Policy #11 – Subject Requiring Board Authorization.*

#### **406. Expense Reimbursement Policy**

- Reimbursements to employees and officials for expenditures made on behalf of WaterOne may be made providing such expenses were:
  - a. Incurred in performing officially assigned duties
  - b. Necessary and reasonable
  - c. For the direct benefit of WaterOne
  - d. Properly submitted and documented
  - e. Approved in advance, if required
  - f. Within budget
  - g. Lawful

*Board Policy #18 - Expense Reimbursement Policy*

## **V. DEBT MANAGEMENT POLICIES**

### **501. Debt Issuance Policy**

- Maintain the highest bond rating by the credit rating agencies who rate WaterOne's parity debt.
- WaterOne does not have a legal debt limit.
- Revenue Bonds are repaid from Water Rates and SDCs.
- Whenever possible, debt is marketed using the competitive bid process.
- WaterOne covenants to provide continuing disclosure as required by the SEC Rule and as set forth in the Continuing Disclosure Letter of Instructions as attached to the Preliminary Official Statement and made a part thereof in each bond issuance.

*Bond Covenants – Section 1401. Disclosure*

### **502. Debt Structure**

- Debt financing is not used to finance current operating expenditures.
- Key debt ratios should be evaluated against industry standards or averages.
- Composite debt service is structured to be approximately level on a year-to-year basis where appropriate. This avoids spikes, while allowing structuring for the future.
- WaterOne will fix, establish, maintain and collect rates, fees and charges for water or water service furnished by or through the Water System. Such rates, fees and charges shall at all times be sufficient so that the Net Revenues of the Water System shall be not less than 125% of the Annual Debt Service.

*Bond Covenants – Section 902. Rate Covenant.*

- Though Bond Covenants only require the above referenced 125%, it is the intent of the Board to maintain water rates at a level which will provide Net Revenues from Operations sufficient to produce annually coverage of at least two hundred percent (200%) of the current Annual Debt Service to be funded in any year.

*Board Policy #16*

- Debt principal and interest payments are budgeted as an expenditure.

**503. Funding Major Capital Projects with Debt**

- Long-term borrowing is used to fund major capital improvement projects and to refund outstanding debt obligations.
- The term of the debt issued for capital expenditures will not exceed the projects' useful lives. The standard term for WaterOne debt is twenty to twenty-five years.
- At least once every five years, the Consulting Engineer will examine and report on the condition and operation of the Water System, including recommendations and reports of extraordinary items of maintenance. This report will be filed with the Secretary of the Board.

*Bond Covenants – Section 908. Consulting Engineer Report*

**504. Refunding / Refinancing**

- Refunding of outstanding debt is done to take advantage of the opportunity to achieve debt service savings due to lower interest rates, or to restructure the debt, or to make room for future borrowings.
- Refinancing or restructuring will not extend the final maturity of the original debt.
- WaterOne uses the guideline of a targeted savings of 3% of par refunded on a net present value (NPV) basis to determine cost effectiveness of doing a refunding.

## **VI. BONDS & OPERATING FUND INVESTMENT POLICY**

*The following section VI is a complete excerpt from the 'Bond and Operating Fund Investment Policy' document. The only differences being the numbering below is prefixed by "[60-]" in order to differentiate the numbering from Section 1 of these Fiscal Policies & Procedures and some formatting variance.*

**Water District No. 1 of Johnson County  
Bond and Operating Fund  
Investment Policy  
February 14, 2007  
(as revised December 14, 2021)**

### **[60-] 1.1 Investment Authority**

Water District No. 1 of Johnson County (WaterOne) has authority granted in K.S.A. 12-1675 to invest all funds held by, or belonging to WaterOne. WaterOne bond covenants further define suitable and authorized investment parameters.

### **[60-] 1.2 Policy Statement**

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield. All available funds, including bond / construction funds and operating funds, shall be invested in conformance with the Water District No. 1 of Johnson County Bond and Operating Fund Investment Policy (the Policy) and with applicable legal and administrative guidelines and all investments made by, or on behalf of, WaterOne shall seek to adhere to the following objectives.

#### **[60-] 1.2.1 Safety**

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio and to mitigate credit risk and interest rate risk.

#### **[60-] 1.2.1a Credit Risk**

WaterOne will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to those in Sections 1.6.1 and 1.6.2 of this Policy.
- Pre-qualifying the financial institutions, brokers / dealers, intermediaries, and advisers with which WaterOne will do business (Reference Section 1.20).

#### **[60-] 1.2.1b Interest Rate Risk**

WaterOne will minimize interest rate risk, the risk that the market value at redemption of securities in the portfolio will fall due to a significant change in general interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

- Investing operating funds primarily in shorter-term, fixed rate securities.
- Maintaining an overall average portfolio maturity of less than 1.5 years.

#### **[60-] 1.2.2 Liquidity**

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets. A portion of the portfolio may also be placed in an interest-bearing checking account in order to meet ongoing obligations.

#### **[60-] 1.2.3 Yield**

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. Investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- Liquidity needs may require that the security be sold.
- A security deemed non-compliant with any section of this policy will be sold.

#### **[60-] 1.3 Adoption of Policy**

Any revisions to the Policy must be approved by the Board per Board Policy # 11.

#### **[60-] 1.4 Scope**

This Policy applies to all available funds, including bond / construction funds and operating funds of WaterOne, but not to the investment of Defined Benefit Retirement Plan funds. Investment of these funds is governed by The Master Statement of Investment Policies and Objectives for those retirement plans. Investment of both bond / construction funds and operating funds is also governed by bond covenants which may be more restrictive than Policy requirements.

#### **[60-] 1.5 Pooling of Funds**

Except for cash in certain restricted and special funds, WaterOne will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective ownership and in accordance with generally accepted accounting principles.

#### **[60-] 1.6 Suitable and Authorized Investment Parameters**

The following policies will assist WaterOne with attaining the objectives stated in Section 1.2. In accordance with, and subject to restrictions imposed by, current statutes and bond covenants applicable to both bond funds and operating funds, the following list represents

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the entire range of investments that WaterOne will consider and which shall be authorized for the investment, by WaterOne, of aforementioned funds.

**[60-] 1.6.1 Authorized Investments for Operating Funds and Bond / Construction Funds**

Investment of operating funds and investment of all bond / construction funds is limited to the following list of authorized investments:

- Funds needed for ongoing daily operations are to be held in a fully collateralized interest-bearing Time Deposit Account or Demand Deposit Account.
- Direct obligations of the United States of America or any agency thereof, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.
  - US Treasuries
  - Debt obligations of Government National Mortgage Association (Ginnie Mae)
- Debt obligations of United States Government Sponsored Enterprises (GSE).
- Collateralized Repurchase Agreements backed at 100% by acceptable collateral limited to the following:
  - Direct obligations of the United States of America or any agency thereof, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.
    - US Treasuries
    - Debt obligations of Government National Mortgage Association (Ginnie Mae)
  - Debt obligations of United States Government Sponsored Enterprises (GSE).
- Guaranteed Investment Contracts (GIC) with any bank, non-bank financial institution or insurance company that has long-term debt (or claims paying ability for insurance companies) rated at least “A” or “A2” by Standard & Poor’s or Moody’s respectively. In the case of a guaranteed corporation, the long-term debt (or claims paying ability for insurance companies) of the guarantor must be rated at least “A” or “A2” by Standard & Poor’s and Moody’s respectively. Upon downgrade below these ratings, the GIC provider must either post collateral or assign the agreement to a provider meeting the rating qualifications above. Acceptable collateral and margin requirements, if any, are to be specified in the GIC agreement.
- Kansas Municipal Investment Pool (KMIP) – Reference KSA 12-1677b



## FISCAL POLICIES &amp; PROCEDURES

Municipal General Obligation Bonds issued by any municipality of the state of Kansas defined in KSA 10-1101. Bonds must have a minimum rating at the time of purchase as follows from at least one rating agency:

Rating Agency	Minimum Rating
Moody's	A3
Standard & Poor's	A-
Fitch Ratings	A-

**[60-] 1.7 Collateralization**

Funds needed for ongoing daily operations and kept in an interest-bearing checking account at WaterOne's primary banking institution, are to be collateralized in an amount equal to a minimum of 100% of the account balance on deposit, less the amount insured by the FDIC. A pledged security report will be provided to WaterOne by the Federal Reserve on a monthly basis and will provide the following details regarding the collateral:

- Pledgee Name and ID Number
- Pledgor Name and ID or ABA Number
- Cusip
- Par Amount
- Description and Maturity Date of Collateral

Acceptable collateral includes:

- Direct obligations of the United States of America or any agency thereof, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.
  - US Treasuries
  - Debt obligations of Government National Mortgage Association (Ginnie Mae)
- Debt obligations of United States Government Sponsored Enterprises (GSE).

**[60-] 1.8 Diversification**

The investment portfolio shall be diversified by investing in securities with varying maturities and in varying types of securities with the following maximum portfolio limits as a percentage of the par value of WaterOne's total investment portfolio (all funds combined with the exception noted below for investment in GICs).

○ Collateralized Time Deposit or Demand Deposit Account	100%
○ U.S. Treasuries and U.S. Agencies	100%
○ Government Sponsored Enterprises (GSE)	80%
○ Repurchase Agreements	30%
○ Guaranteed Investment Contracts	100%/25%*
○ Kansas Municipal Investment Pool (KMIP)	25%
○ Kansas General Obligation Bonds	25%

\*Up to 100% of Bond / Construction Funds may be invested in GICs. Up to 25% of Operating Funds may be invested in GICs.

Investments should be made as to avoid over-concentration in securities from any one specific issuer, with the exception of U.S. Treasuries.

#### **[60-] 1.9 Maximum Maturities**

To the extent possible, WaterOne shall attempt to match its investments with anticipated cash flow requirements. WaterOne shall adopt a balanced portfolio approach structuring the core portfolio (maturities over one year) with a weighted average maturity range of 1 – 2 years. The maximum investment portfolio maturity shall be two years, with the exception of funds invested in KMIP, which may be invested up to the pool's maximum maturity.

Reserve funds and other funds with longer-term investment horizons may be invested in longer maturities if these maturities coincide as nearly as practicable with the expected use of funds.

A portion of the portfolio shall be invested in an authorized investment providing readily available funds such as Time Deposit or Demand Deposit accounts, KMIP and Overnight Repurchase Agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

The maximum average maturity of the total portfolio, including construction / bond funds shall not exceed 1.5 years.

#### **[60-] 1.10 Intent to Hold to Maturity**

It is the intent of WaterOne to hold all securities to maturity unless liquidation of invested funds is required for liquidity needs or for necessary portfolio adjustments. The sale of securities prior to maturity shall require the prior approval of the Director of Finance.

#### **[60-] 1.11 Investments Maturity Management**

When structuring the maturity composition of the investments, Authorized Staff may evaluate current and expected interest rate yields in consultation with the investment adviser.

#### **[60-] 1.12 Portfolio Management**

All investments of WaterOne funds shall be managed through the office of the Director of Finance consistent with this Policy. Authorized Staff will provide reports on a monthly basis for review by the Director of Finance.

#### **[60-] 1.13 Cash Management & Investment Practices**

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WaterOne's cash management practices shall ensure that funds held by, and belonging to, WaterOne are managed in compliance with this Policy and in a manner that provides for adequate funds to be available to meet all disbursement requirements and obligations of WaterOne in a timely manner.

**[60-] 1.14 Trading Authorization**

All trading accounts will be held in the name of "Water District No. 1 of Johnson County, Kansas". The General Manager shall have all trading authority for the investment of WaterOne funds and that trading authority shall be exercised by the Director of Finance, the Treasury Manager and other staff as authorized by the Director of Finance.

**[60-] 1.15 Bond and Operating Fund Investment Policy Review and Revisions**

This Policy shall be reviewed by the Director of Finance annually and any revisions to the Policy must be approved by the WaterOne Board as specified in Board Policy No. 11.

**[60-] 1.16 Arbitrage**

WaterOne's investment position relative to arbitrage restrictions is to continue pursuing the maximum yield on applicable investments while ensuring the safety of capital and liquidity and to rebate excessive earnings if necessary.

**[60-] 1.17 Reasonable and Prudent Person Standard**

The standard of care to be used by the investment officials shall be the "reasonable and prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Policy.

**[60-] 1.18 Ethics and Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial / investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of WaterOne.

**[60-] 1.19 Delegation of Authority**

Authority to manage the investment program is granted to the Director of Finance who shall delegate responsibility for the operation of the investment program hereinafter Authorized Staff, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this Policy.

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No person may engage in an investment transaction except as provided under the terms of this Policy.

**[60-] 1.20 Authorized Financial Dealers and Institutions**

A list will be maintained of financial institutions and broker/ dealers authorized to provide investment services to WaterOne.

All financial institutions and broker / dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements
- Proof of Financial Industry Regulatory Authority (FINRA) certification
- Proof of state registration
- Certification of having read and understood the Policy

**[60-] 1.21 Competitive Placement**

All investment purchase transactions are to be awarded on a competitive bid basis, however WaterOne reserves the right to accept offerings which do not represent the lowest cost if other considerations are relevant, such as settlement date restrictions or failure of the financial institution / broker / dealer to provide a timely response. At least two quotations must be solicited. Solicitations for offerings are documented and filed for auditing purposes. Ties are given to the bank/ broker holding the main banking relationship with WaterOne. Offerings received after a reasonable response time may not be considered at WaterOne's discretion.

**[60-] 1.22 Delivery vs. Payment**

All trades will be executed with the Fed Wire Book Entry system of Delivery vs. Payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

**[60-] 1.23 Safekeeping and Custody**

All securities are to be perfected in the name of "Water District No. 1 of Johnson County, Kansas" and held in safekeeping under the custody of a financial institution, such as a bank or brokerage firm, with legal responsibility for the securities. For each security held, the custodian will issue a safekeeping receipt indicating ownership by WaterOne. The safekeeping agent shall prepare and deliver to WaterOne a holdings report and a transaction summary report monthly.

**[60-] 1.24 Internal Controls**

The investment program will operate under an internal control structure designed to ensure that the assets of WaterOne are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

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The internal controls shall address the following points:

- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments, wire and ACH transfers

**[60-] 1.25 Reporting**

Authorized Staff shall prepare investment portfolio reports on a monthly basis.

**[60-] 1.25.1 Report Contents**

Authorized Staff shall prepare investment reports on a monthly basis showing the investment activity (purchases and maturities) over the prior month, average daily investments, accrued monthly investment income and the annualized yield on investments. Any variance of the portfolio with the Policy will also be reported.

**[60-] 1.26 Performance Standards / Benchmarking**

The investment portfolio will be managed in accordance with the parameters specified in this Policy. The portfolio should obtain a market average rate of return during a market economic environment of stable interest rates. The short term portion of the portfolio (less than one year maturity) should exceed the 91 day U.S. Treasury Bill rate. An appropriate benchmark, such as the 1-2 Year Treasury Index, shall be established for the long term portion of the portfolio (maturity one year and greater) against which portfolio performance and duration shall be compared on a regular basis.

**[60-] 1.27 Marking to Market**

The market value of the portfolio shall be calculated, in accordance with GASB Statement 31, on a monthly basis and reflected on the applicable Fund Analysis report each month. Market values of all portfolio holdings will be obtained from a reputable and independent source.

**[60-] 1.28 Use of External Consultants / Advisers**

External investment consultants and/or advisers may be engaged to assist with the management of all or part of the portfolio.

**[60-] 1.29 Policy Exemptions**

Any investment held as of the first date of approval of any revision to this Policy that does not meet the revised guidelines of the Policy, shall be exempted from the Policy requirements until maturity or liquidation of the investment, at which time monies shall be reinvested as provided by the revised Policy.

## VII. RESERVE POLICIES

### **701. Purpose**

- The purpose of WaterOne's reserves is to ensure that sufficient funding is available at all times to meet operating, capital, and debt service obligations. Reserves are managed in a manner that allows WaterOne to meet unforeseeable events while avoiding significant water rate fluctuations due to unavoidable changes in cash flow requirements.  
*Board Policy #33*
- Adequate reserves and the financial policies governing them are multi-purpose:
  - a. They can provide rate stabilization after all other measures have been evaluated to meet unexpected fluctuations in either revenue or service demands.
  - b. They can smooth cash flow drains in cyclical low revenue months.
  - c. They can provide financing flexibility.
  - d. They can support bond ratings in the capital markets.
- Properly managed reserves ensure uninterrupted business operations from cycle to cycle and in extraordinary circumstances.

### **702. Funding Order**

- WaterOne's reserves are each designed to meet specific purposes and defined with specific rules. In order of priority funding they are:
  - a. Bond Reserve Fund - Defined by Bond Covenants – Section 703. Funded by cash and/or equivalent security.
  - b. Operating Contingency - Defined by Bond Covenants – Section 703. Increases are funded as a revenue requirement in the annual budget.
  - c. Negative Cash Flow Reserve – Defined by Board Policy #34, increased on an as-needed basis when year-end funds are available.
  - d. Rate Stabilization Reserve – Defined by Board Policy #33, funded as needed when year-end funds are available or from other sources.
- Reserve policies and reserve levels are reviewed annually as part of the budget process and policies and procedures are updated accordingly.

### **703. Fund Balance**

- The use of reserves is meant as a temporary supplement to annually augment planned cash flow activities (Negative Cash Flow Reserve, Board Policy #34) and to provide flexibility in extenuating circumstances.  
*(Bond Covenant Reserves - Section 703, Rate Stabilization Reserves – Board Policy #33, Negative Cash Flow Reserve – Board Policy #34).*
- Staff must evaluate the length and severity of any economic condition and its impact on future revenue and expenditure assumptions to determine what must be done to achieve a balanced budget.
- Reserves will be used only after other remedies such as expenditure reductions have been evaluated.
- It is critical that the issues that are causing the imbalance be identified and addressed. Then, if a problem still exists, funds from the reserves can be utilized to maintain liquidity and rate stability.

### **704. Reserves**

#### **704.1 Bond Resolution Section 703 Operating Contingency**

- The required purpose and balances of this reserve are defined by Section 703 of the Bond Covenants (Applications of Moneys in Funds). They are calculated monthly and treated as a set-aside to ensure a measure of liquidity and safety of investment for the bondholders and are generally considered the last resort available for anything other than very temporary cash spending.  
*Section 703 of the Bond Covenants (Applications of Moneys in Funds)*
- By bond covenant, WaterOne covenants and agrees that as long as any parity debt remains outstanding that it will administer and deposit all of the moneys held in the Water System General Fund as described below.
  - a. There shall first be paid all amounts due for Operation and Maintenance Expenses. Thereafter, Section 703 Bond Covenant Reserves are to be set aside in the following manner.
  - b. Debt Service (Variable Requirement) – There shall be deposited on the first day of each month a pro rata amount set aside to the Principal and Interest Fund.

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1. An amount equal to not less than the pro rata amount of principal and interest of debt service funding that will become due on the next succeeding payment date.
  2. The bond covenants state that, “all amounts deposited to the Principal and Interest Fund...shall be expended and used...for the sole purpose of paying the principal of and interest...when the same become due.”
  3. Any amount due for replenishment of the Bond Reserve Funds in the event of a draw or other shortfall.
- c. Additional Reserves – The establishment of a reserve for extraordinary renewal and replacement cost contingencies, Operation and Maintenance Expenses, necessary material purchase requirements and unfunded contracts and commitments in an amount equal to 1/6th of the Revenues exclusive of Water System development charges for the current Fiscal Year as shown in the adopted budget of the Board.
- An increase to the 703 Reserve is budgeted annually as an expenditure to recognize the increased costs of the variable portions of the reserve.
  - The 703 Reserve will always be funded first before any allocation is made to WaterOne’s Negative Cash Flow Reserve or the Rate Stabilization Reserve.

**704.2 Negative Cash Flow Reserves**

- The purpose of Negative Cash Flow Reserve is to ensure financial stability during the months when cash receipts are cyclically low, normally during the months of January through June each year. Though receipts during these months are generally lower, WaterOne’s funding obligations such as payroll, debt service, insurance premiums, and retirement plan contributions occur throughout the year at relatively fixed levels.  
*Board Policy #34*
- This reserve, during the low cash flow months, is used as an extension to water sales revenue. It can be used to keep the Section 703 Reserve intact, pay for normal operation and maintenance expenses and/or cover any shortfalls in annual capital requirements.
- This is a revolving reserve used during the annual low revenue cycle.
- This reserve was originally established in January 1996. Since then, the reserve has been increased as operation and maintenance, annual capital, and debt service expenses have increased due to inflation or expanded programs. As these and fixed costs continue their natural escalation, the funding level for this reserve will continue to grow on an incremental basis.



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- Each year when the budget is prepared, a cash flow needs analysis will be completed based on input from department managers. The timing of annual capital purchases, capital carryovers, infrastructure replacements, and ongoing operating needs will be used to determine the amount of negative cash flow reserve requirements for the coming year and the subsequent reserve funding level.
- The Negative Cash Flow Reserve cannot be replenished until after the Section 703 Reserves are fully funded. Once this occurs, and current monthly cash flow needs are satisfied, then the Negative Cash Flow Reserve can be replenished up to the current Board approved funding level.
- Rebuilding the reserve usually begins early in the third quarter as actual summer water sales begin to materialize as cash.

**704.3 Rate Stabilization Reserve**

- The Rate Stabilization Reserve was established to address unforeseen revenue shortfalls such as:
  - a. Weather related water sales deficits
  - b. Economic downturns
  - c. Unexpected disaster or accident
  - d. Unanticipated, but necessary emergency repairs and/or
  - e. An unanticipated mid-year increase in such fixed costs as power, fuel, or materials.

*Board Policy #27 & #33*
- The Rate Stabilization Reserve is the most flexible of the reserves and can be used to meet a variety of needs.
- This fund is used for extraordinary circumstances after all other funding avenues have been evaluated.
- Should any unanticipated shortages in net operating income be deemed to be recurring, such as a permanent power rate increase, adjustments will be made in the following budget year to reflect revised revenue or expenditure expectations.
- Formal Board approval is required prior to fund usage.
- Budgeted operating expenditures are funded with budgeted revenues, both of which are planned on a “normal year” basis. A “normal year” being defined as a year in which weather conditions are neither wet nor dry and expenditures are not intended to cover catastrophic conditions.

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- The appropriate level of this reserve will be analyzed on an annual basis as part of the operating budget development cycle and the year-end uncommitted funds evaluation. Funding levels for this reserve will be set by the Board.
- The Board will be notified when the reserve reaches a minimum level as determined by the Board.
- Replenishment of this fund is defined by Board Policy and will be funded as-needed when year-end funds are available or from other sources as approved by the Board.
- Annually, the Rate Stabilization Reserve is the last reserve funded and may take several years to replenish depending on the level of depletion.

## **VIII. CAPITAL**

### **801. Total Capital Improvements**

- WaterOne differentiates between three types of capital improvements: Annual Capital, Master Plan, and Transmission & Distribution.
- The combined budgets for Master Plan, Annual Capital, and Transmission & Distribution replacement projects are at least equal to WaterOne's depreciation of all assets.

### **802. Annual Capital**

- Annual Capital funding is for the replacement of fleet, major equipment, and for the capitalized repair, replacement and relocation of existing mains, services and hydrants. The cost of repair and maintenance are charged to expense while the cost of renewals or substantial betterments is capitalized.
- Annual Capital combined with the annual funding to the Transmission & Distribution Capital Fund is defined as Total Annual Capital.
- WaterOne's capitalization threshold is \$5,000 and a useful life in excess of one year.
- Capital expenditures are budgeted in the year the item is to be purchased or constructed.
- Carryover of annual capital funds is allowed for items not purchased or completed in the current year with appropriate review.
- Fleet requests are evaluated against standards developed for both age and miles.  
*Board Policy #17*
- New projects identified during a budget year not funded in the approved budget can with the approval of the General Manager and the Director of Finance be funded from the Omission & Contingency (O&C) Budget.

### **803. Master Plan**

- Master Plan capital projects are generally for new major facilities or systems having a long-term life of benefit to WaterOne or for major replacements. These projects can benefit current customers as well as new customers.
- Master Plan projects consist primarily of three types of facilities:

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- a. Production – water source and treatment equipment and structures including river intakes, collector wells, a river jetty, reservoirs, residual monofills, supply mains, and treatment plants.
  - b. Pumping & Storage – equipment and structures including pumps, pump stations, underground and ground level reservoirs as well as elevated storage in water towers.
  - c. Transmission & Distribution – water mains, isolation valves, pressure reducing valves, and tunnels for mains.
- Capacity-related Master Plan projects are based on the latest Water Supply Master Plan developed by WaterOne’s consulting engineers. Recommendations developed for water supply and treatment facilities are designed to meet projected demands for at least forty years. The Transmission and Distribution recommendations will meet projected demands for at least twenty years.
  - Master Plan also includes major replacement projects from the Asset Management Plan and other long-lived major capital projects which are neither replacements or associated with increased capacity.
  - Current year projects are reviewed no less than quarterly by staff and the consulting engineers to reaffirm timelines, costs in relationship to current economic conditions and to ensure available resources.
  - The Master Plan is divided into phases. These phases are designed to allow for flexibility and to ensure that capital investment is made at the correct time to provide an adequate supply of water without building capacity in excess of what will be needed.
  - Funding for Master Plan projects come from three sources which are expended in the following priority order:
    - a. proceeds from revenue bonds;
    - b. System Development Charges; and
    - c. water sales revenue.
  - Funds are set aside within the Master Plan Fund as “committed” when the project is awarded.
  - Although it is the practice to keep the balance no lower than \$5,000,000 in the Master Plan Fund, the objective is to accumulate a larger fund balance in order to reduce the size of future bond issues.

**803.1 Annual Designation of Water Sales Revenue to Master Plan**

- Each year a portion of water sales revenue is budgeted to the Master Plan Fund in the annual Board adopted budget.

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- The annual designation of water sales revenue to the Master Plan Fund is analyzed each year as part of the budget process. The target is to designate a minimum of 5% of revenue to the Master Plan Fund in each annual budget; however, the percent designation is reviewed and updated annually based on the current economic conditions and the Master Plan Fund balance.
- The goal of designating a minimum of 5% of revenue to the Master Plan Fund is to reduce the size of future bond issues and provide some budget stability. In deficit years, the funding can be reduced which provides budget stability by offsetting water revenue shortfalls.

**804. Transmission and Distribution**

- Transmission and Distribution projects are for the repair and maintenance of existing infrastructure and are funded by water rates on a pay-as-you-go basis.
- Funding is budgeted as a component of the Total Annual Capital Budget.
- Transmission and Distribution consists of six types of projects: main replacements, relocation projects, general improvements, main breaks, transmission main repair and replacements, and condition assessment.

**Main Replacements**

- a. Main replacements are budgeted based on the results of a water main asset management program.
- b. The goal is to replace all assets, including mains, at the time which produces the lowest life-cycle cost of that particular asset while continuing to accomplish WaterOne's mission of providing a reliable water supply. Modeling is used to determine the optimum time for replacements.
- c. The decision as to which main replacement projects are the highest priority is determined by a decision matrix that includes many factors, some of which are:
  - i. the number of main breaks per mile per year
  - ii. condition assessment
  - iii. a risk analysis of the consequence of failure
  - iv. cost reduction by timing replacements in conjunction with street improvement projects.

**Relocation Projects**

- a. These projects are constructed in coordination with street improvement projects planned by the governmental entities in areas that WaterOne serves.
- b. The General Manager has the authority to approve and sign water facility Relocation Agreements with cities, counties, and other political subdivisions of

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the state expanding or improving street right-of-way under the following conditions:

1. Where WaterOne retains its private easement and relocation is requested, the requesting political subdivision will fully indemnify it for the cost of the adjustment within its retained easement.
2. Any disclaimer of WaterOne's private easements is compensated by a substituted cost reimbursement for all immediate and future relocations within the street right-of-way.
3. Any expense borne by WaterOne will be only for relocation of its facilities that were originally located in street right-of-way.

*Board Policy #31 – Relocation Agreements*

General Improvements

- a. General system improvements include normal service connection rehabilitation, main upsizing, and installing new mains and fire hydrants.  
*K.S.A. 19-3514*
- b. WaterOne's service connections are the pipe and related material that connect the water main to the meter. These service connections require ongoing replacement and rehabilitation in order to maintain a reliable water supply.
- c. Main upsizing occurs when a main is replaced with a larger diameter main to allow for increased capacity or water flow. Most upsizing is paid for by WaterOne and is done in conjunction with relocation projects to improve water flow throughout the system. Some upsizing is done when new housing and commercial development occurs and is paid for by the developer.
- d. New mains are occasionally installed to extend the system, but primarily to provide redundant supply or improve fire protection water flow in a particular area.

Main Breaks

- a. Main breaks are unplanned construction to repair a leak in the distribution system.
- b. Main breaks costs may include repair or replacement of a leaking or damaged water main, valve or hydrant.

Transmission Main Repair & Replacements

- a. This category includes transmission main breaks, minor replacements, relocations, or general improvements to a transmission main not funded in the Master Plan.

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- b. New installations and extensive replacements of transmission mains are funded in Master Plan.

Condition Assessment

- a. This category includes hiring contractors to assess transmission main condition as well as assessments completed by WaterOne staff.

## **IX. POST BOND ISSUANCE COMPLIANCE**

This section IX of WaterOne's Fiscal Policies and Procedures (the "Compliance Policy") is intended to guide WaterOne in meeting its obligations under applicable statutes, regulations and documentation associated with WaterOne's publicly offered and privately placed bonds, notes and other obligations (collectively "bonds"). This Compliance Policy addresses ongoing obligations following the issuance of bonds. These obligations may arise as a result of federal tax law (with respect to tax-exempt securities) and securities laws (with respect to ongoing disclosure) or as a result of contractual commitments made by the Issuer.

This Compliance Policy outlines obligations that may be applicable to each issue of bonds and identifies the party responsible for monitoring compliance. At WaterOne, the Director of Finance (the "Compliance Officer") is responsible for ensuring that the Compliance Policy is followed and checklists and records are maintained. The Compliance Officer may delegate responsibility to employees and outside agents for developing and maintaining records and checklists. WaterOne will provide educational opportunities (opportunities to attend educational programs/seminars on the topic) for the parties identified in this policy with responsibilities for post-issuance compliance in order to facilitate their performance of these obligations.

### **901. Transcripts**

#### **901.1. Provision by Bond Counsel and Content**

WaterOne's bond counsel shall (for each issue) provide WaterOne with a transcript related to the issuance of bonds. It is expected that the transcript will include a full record of the proceedings related to the issuance of bonds, including proof of filing of I.R.S. Form 8038-G or 8038-GC, if applicable.

#### **901.2. Retention**

Bond transcripts will be retained in the Records Center at WaterOne's administrative offices located at 10747 Renner Boulevard, Lenexa, Kansas, or other authorized storage facility.

### **902. Federal Tax Law Requirements**

Applicable only if the bonds are issued as tax-exempt securities (or those securities treated under federal tax law as tax-advantaged securities such as Build America Bonds).

#### **902.1. Use of Proceeds**

- a. If the project(s) to be financed with the proceeds of the bonds will be funded with multiple sources of funds, WaterOne will adopt an accounting methodology that maintains each source of funding separately and monitors the actual expenditure of proceeds of the bonds.



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- b. Records of expenditures (timing, amount, and account code of expenditure) of the proceeds of bonds will be maintained by the Compliance Officer.
- c. Records of interest earnings on the proceeds of bonds will be maintained by the Compliance Officer. Interest earnings on proceeds will be deposited in the fund in which the proceeds of the bonds were deposited. If for any reason interest earnings will not remain in the fund in which the proceeds of bonds were deposited, then the plan for use of interest earnings will be discussed with WaterOne's bond counsel.
- d. Records of interest earnings on bond reserve funds will be maintained for the bonds (unless the original principal amount of the bond issue, including other issues during the same calendar year, was \$5,000,000 or less).
- e. Records of Declaration(s) of Intent to Reimburse will be maintained by the Compliance Officer.

**902.2. Arbitrage Rebate**

- a. *Rebate Monitor.* The Compliance Officer will oversee the Rebate Monitor. The Treasury Manager, or other person designated by the Compliance Officer, will serve as Rebate Monitor and will monitor compliance with the arbitrage rebate obligations of WaterOne for each bond issue. WaterOne will provide educational opportunities, through attendance at educational programs/seminars on the topic of arbitrage regulations, to support the Rebate Monitor and facilitate his/her performance of these obligations.
- b. *Small Issuer Exception.* When WaterOne issues bonds, if the Rebate Monitor determines that the total principal amount of governmental obligations (including all-tax-exempt leases, etc.) of WaterOne issued or incurred will be greater than \$5,000,000, the Rebate Monitor will monitor arbitrage rebate compliance.
- c. *Funds Subject to Rebate.* In addition to funds expended for capital project costs from the Construction Fund, when a bond reserve fund is established those proceeds are subject to arbitrage rebate as well. The Rebate Monitor will consult with bond counsel when bonds are issued to determine which funds are subject to arbitrage rebate. The Rebate Monitor will report to the Compliance Officer if any current "bona fide debt service fund" fails to meet requirements which allow exemption, such as the Principal and Interest Fund failing to zero out within the required period. The Rebate Monitor will evaluate, with the assistance of bond counsel or arbitrage rebate consultant if necessary, any new fund created outside the bond resolutions to determine if it is subject to rebate, and; any change of the use of an existing fund which could cause the fund to contain gross proceeds of a bond issue, such as the fund being used exclusively to pay debt service.

- d. *Rebate Exceptions.* The Rebate Monitor will review the closing certificate, arbitrage letter of instructions, tax certificate, tax agreement or other transcript documents relating to the instructions for compliance with federal tax law (the “tax certificate”) in the transcript in order to determine whether WaterOne is expected to comply with a spending exception that would exempt WaterOne from arbitrage rebate liability. If the tax certificate identifies this spending exception, then the Rebate Monitor will monitor the records of expenditures (described in 902.1. above) to determine whether WaterOne met the spending exception. The Rebate Monitor may engage the services of an arbitrage rebate compliance consultant to verify the spend down exception, if necessary. If no other funds are subject to arbitrage rebate and WaterOne has met the relevant spending exception, the Rebate Monitor will retain documentation demonstrating timing of expenditures, and will not need to perform arbitrage rebate calculations or pay an arbitrage rebate to the federal government.
- e. *Construction Fund Negative Arbitrage.* If WaterOne did not meet or does not expect to meet the spending exception described in (i) above, and no other funds are subject to arbitrage rebate, WaterOne will review the investment earnings records retained as described in 902.1.(c) above. If the investment earnings records clearly and definitively demonstrate that the average rate of return on investments of all proceeds of the issue was lower than the “arbitrage yield” on the issue then the Rebate Monitor will retain documentation describing the basis for such determination.
- f. *Bond Reserve Fund.* The Rebate Monitor will monitor investment earnings on the bond reserve fund for each bond issue, including allocating earnings by bond issue in any pooled reserve funds and retain such records for performance of the arbitrage rebate calculation.
- g. *Consultant Services.* If the spending exception is not met *and* if records do not clearly demonstrate negative arbitrage, *or* if other funds such as a bond reserve fund must be included in the arbitrage rebate calculation, WaterOne will retain the services of an arbitrage rebate consultant in order to calculate any potential arbitrage rebate liability. Calculations will be performed no later than 60 days after the fifth anniversary of the date of each issue, every five years thereafter, and no later than 60 days following the retirement of the last obligation of the issue. The selected rebate consultant shall provide a written report in each instance to the Compliance Officer with respect to the issue and with respect to any arbitrage rebate owed, if any.
- h. *Rebate Reporting and Payment.* If, based on the report of the rebate consultant, WaterOne has an arbitrage rebate liability, WaterOne will file reports with the Internal Revenue Service. WaterOne will remit arbitrage rebate

to the federal government no later than 60 days following the retirement of the last obligation of the issue.

**902.3. Unused Proceeds Following Completion of the Project**

Following completion of the project(s), financed with the issue proceeds (or three years from the date of issuance if this occurs first), the Compliance Officer will:

- a. review the expenditure records to determine whether the proceeds have been allocated to the project(s) intended and if any questions arise, consult with bond counsel in order to determine the method of re-allocation of proceeds.
- b. direct the use of remaining unspent proceeds in accordance with the limitations set forth in the authorizing proceedings (e.g., bond resolution, bond ordinance, trust indenture, etc.) and if no provision is otherwise made for the use of unspent proceeds, to the redemption or defeasance of outstanding bonds of the issue.
- c. consult with bond counsel, if after three years unused proceeds remain, regarding potential yield restriction or yield reduction payments relating to the unspent bond proceeds.

**902.4. Facilities and Use of the Facilities Financed with Proceeds, Private Use**

WaterOne's Compliance Officer will monitor and confirm that WaterOne maintains an asset list or other record regarding all facilities and equipment that are bond-financed, and depreciation schedules for such facilities and equipment. In order to maintain tax-exemption of securities issued on a tax-exempt basis, the financed facilities (projects) are required to be used for governmental purposes during the life of the issue.

The Compliance Officer will coordinate with WaterOne staff to monitor and maintain records regarding any private use of the projects financed with tax-exempt proceeds. The IRS Treasury Regulations prohibit private business use (use by private parties including nonprofit organizations and the federal government) of tax-exempt financed facilities beyond permitted *de minimus* amounts unless cured by a prescribed remedial action. Private use may arise as a result of activities such as the following:

- a. Sale of the facilities;
- b. Lease or sub-lease of the facilities (including leases, easements or use arrangements for areas outside the four walls, e.g., hosting of cell phone towers) or leasehold improvement contracts;
- c. Management contracts (in which WaterOne authorizes a third party to operate a facility, e.g., cafeteria), research contracts and naming rights contracts;

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- d. Preference arrangements (in which WaterOne permits a third party preference, such as parking in a public parking lot); and.
- e. Joint-ventures, limited liability companies or partnership arrangements.

If the Compliance Officer identifies private use of tax-exempt debt financed facilities, the Compliance Officer will consult with WaterOne's bond counsel to determine whether private use will adversely affect the tax-exempt status of the issue and if so, what remedial action is appropriate. The Compliance Officer should retain all documents related to any of the above potential private uses.

**902.5. Records Retention**

The Compliance Officer will maintain records in WaterOne's Records Center for each issue (the "Post Issuance Compliance and Disclosure Record"). Records will be retained by WaterOne for the life of the bond issue (and any issue that refunds the bond issue) and for a period of six years thereafter. Records will include:

- a. Records with respect to matters described in section 901 and subsections 902.1 through 902.4
- b. Copies of all certificates and returns filed with the IRS (e.g., for payment of arbitrage rebate) and all reports regarding IRS examinations of Issuer or its bond financings.
- c. Copies of all documents related to potential private use as set forth in 902.4. above, including leases, user agreements for use of the financed property (agreements that provide for use of the property for periods longer than 30 days), whether or not the use was within the four walls, e.g., use of the roof of the facility for a cell phone tower.
- d. Any other documentation necessary to establish the qualification for tax-exemption of the bonds.

**903. Ongoing Disclosure**

Under the provisions of SEC Rule 15c2-12 (the "Rule"), underwriters are required to obtain an agreement for ongoing disclosure in connection with the public offering of bonds. Unless WaterOne is exempt from compliance with the Rule as a result of certain permitted exemptions, the transcript for each issue will include an undertaking by WaterOne to comply with the Rule.

- a. The Compliance Officer will monitor compliance by WaterOne with its undertakings including an annual filing of operating and financial information.
- b. The Compliance Officer will monitor events which might require WaterOne to file notice of a listed "material event" in the Rule. The Compliance Officer will

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consult WaterOne's bond counsel if a "material event" is identified, will cause to be filed any required disclosure, and will timely notify the Board of such disclosure.

- c. The Compliance Officer will maintain as part of the issue's Post Issuance Compliance and Disclosure Record:
  - i. An annual disclosure monitoring and compliance checklist,
  - ii. A record of the annual filing of operating and financial information,
  - iii. A record of any material event disclosures, and
  - iv. A record of any voluntary continuing disclosures.

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## **ABOUT WATERONE**

WaterOne is a quasi-municipal body corporate of the State of Kansas. It is governed by a seven-member board, elected by voters within the boundaries of WaterOne. WaterOne is an independent public water utility. It is not affiliated with Johnson County government. When WaterOne was organized in 1953, it encompassed approximately 47 square miles in the western portion of the Kansas City metropolitan area. Currently, WaterOne encompasses approximately 272 square miles, most of which is in Johnson County, with portions in Miami and Wyandotte counties. WaterOne has the exclusive right to provide treated pressurized water by pipeline within its boundaries, providing water on a retail basis to all or a portion of 17 municipalities as well as certain unincorporated areas.

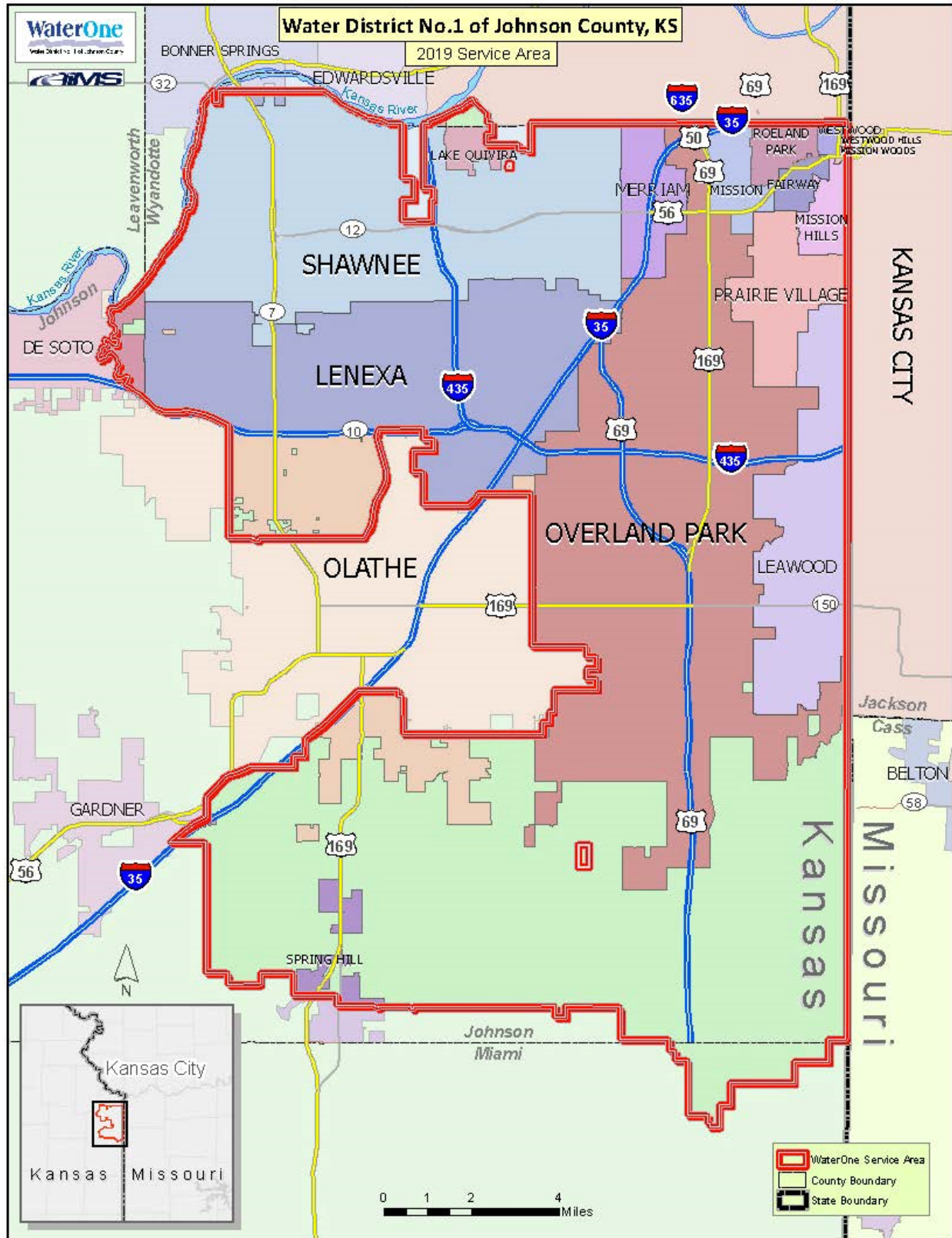
Organized in 1953, WaterOne commenced operations in 1957. Initially, WaterOne had a four million gallon per day (mgd) summer peaking treatment plant supported by wells. In addition, WaterOne purchased wholesale water from Kansas City, Missouri and Kansas City, Kansas. In the years following, WaterOne's Water System was expanded and, in 1961, a 55 mgd water intake on the Kansas River was installed as an additional water supply source.

In 1977, the governing Board of WaterOne adopted a plan (the "Master Plan") to use the Missouri River as a supplemental source of water supply and to expand treatment and distribution facilities in order to meet the projected growing demands of WaterOne's customers. The Phase I portion of the expansion plan was completed in 1984 and resulted in a production capacity of 80 million gallons per day. In subsequent years, WaterOne's Consulting Engineer periodically completed updates to the Master Plan to reflect increased water demands, updated population projections, new and expanded wholesale customer demands and increased service area due to the annexations of surrounding rural water districts. System improvements through Phase IV-B culminated with an expansion of firm production capacity to 180 mgd per day in 2005. Other improvements through Phase IV-B included treated water transmission and distribution mains and distribution system pumping and storage improvements.

In 2007, WaterOne began the Phase V-A portion of the Master Plan related to construction of a treatment plant facility and horizontal collector well along the Missouri River (the "Wolcott Treatment Plant"). The majority of Phase V-A facilities are in service and the Wolcott Treatment Plant and transmission mains added an additional 20 mgd of firm capacity to WaterOne's treatment, pumping and storage capacity. The Wolcott Treatment Plant and supply facilities are designed to be expanded for more capacity as the water demands and population served by WaterOne increase.

## **SERVICE AREA**

In addition to 17 cities shown on the map that follows, WaterOne also serves unincorporated parts of Johnson County. Its service connections extend into parts of Wyandotte County and Miami County. WaterOne has infrastructure within the city limits of Bonner Springs and Gardner, but does not currently provide service to customers in those jurisdictions.



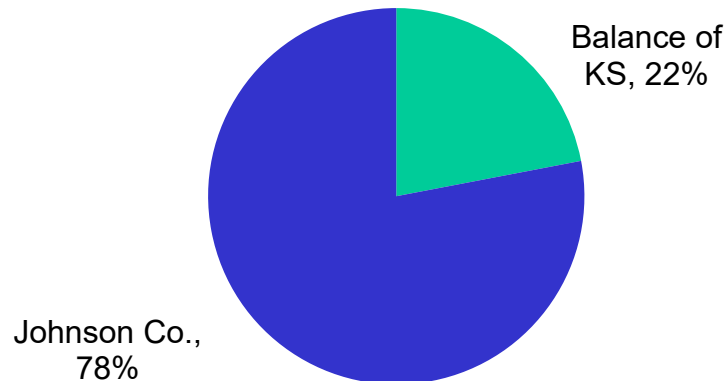


## JOHNSON COUNTY DEMOGRAPHICS POPULATION

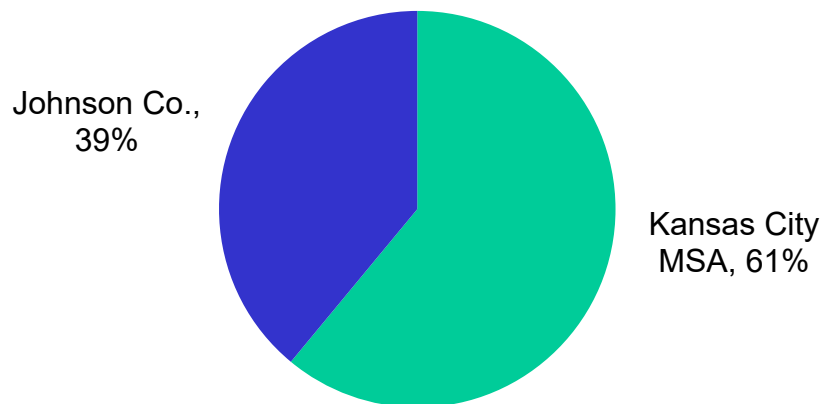
### POPULATION GROWTH 2009 to 2019 <sup>(1)</sup>

Between 2009 and 2019, Johnson County's population grew by 63,005 (12%). Johnson County accounted for 78% of the total population growth in the entire State of Kansas and 39% of the Kansas City MSA <sup>(2)</sup>.

#### Kansas Population Growth: 2009 to 2019



#### Kansas City MSA <sup>(2)</sup> Population Growth: 2009 to 2019



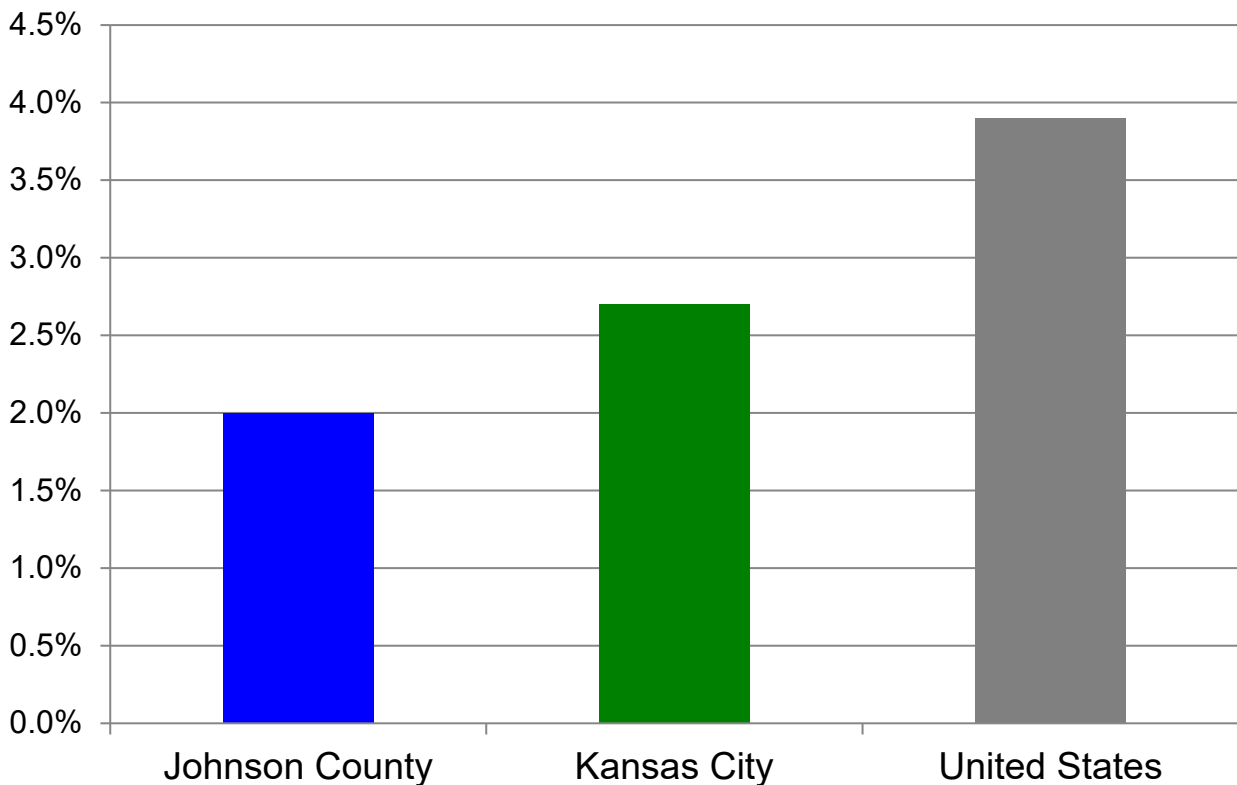
#### Johnson County Population

2000 <sup>(3)</sup>	.....	451,086
2010 <sup>(3)</sup>	.....	544,179
2020 <sup>(4)</sup>	.....	607,220

1. Source: County Economic Research Institute, 2020 Economic Primer  
 2. MSA is Metropolitan Statistical Area of Kansas City.  
 3. Source: U.S. Census Bureau, 2010 Census  
 4. Source: 2020 Johnson County CAFR

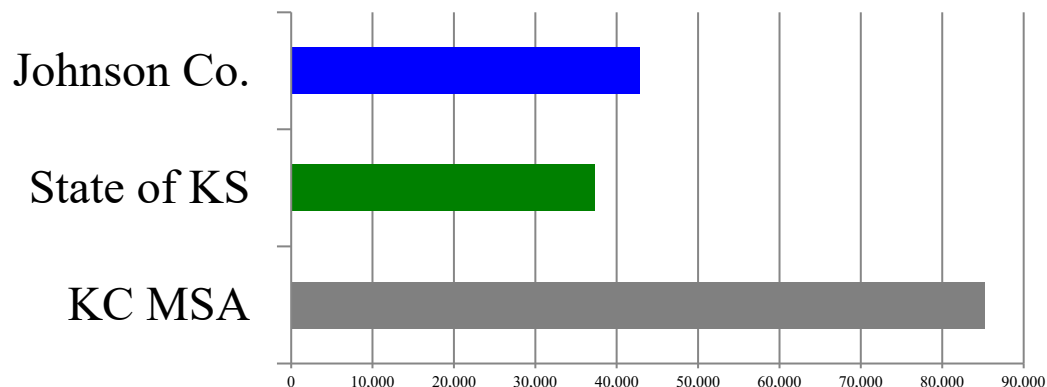
## JOHNSON COUNTY DEMOGRAPHICS EMPLOYMENT AND JOB GROWTH

Unemployment Rate as of November 2021<sup>(1)</sup>



### JOB GROWTH 2010 TO 2020 <sup>(2)</sup>

The number of jobs in Johnson County grew from 293,558 in 2010 to 336,348 in 2020, an increase of 42,790 jobs or 15%. Over the decade, Johnson County accounted for 115% of the total net increase in jobs in the State of Kansas and 50% of the job growth in the Kansas MSA<sup>(3)</sup>.

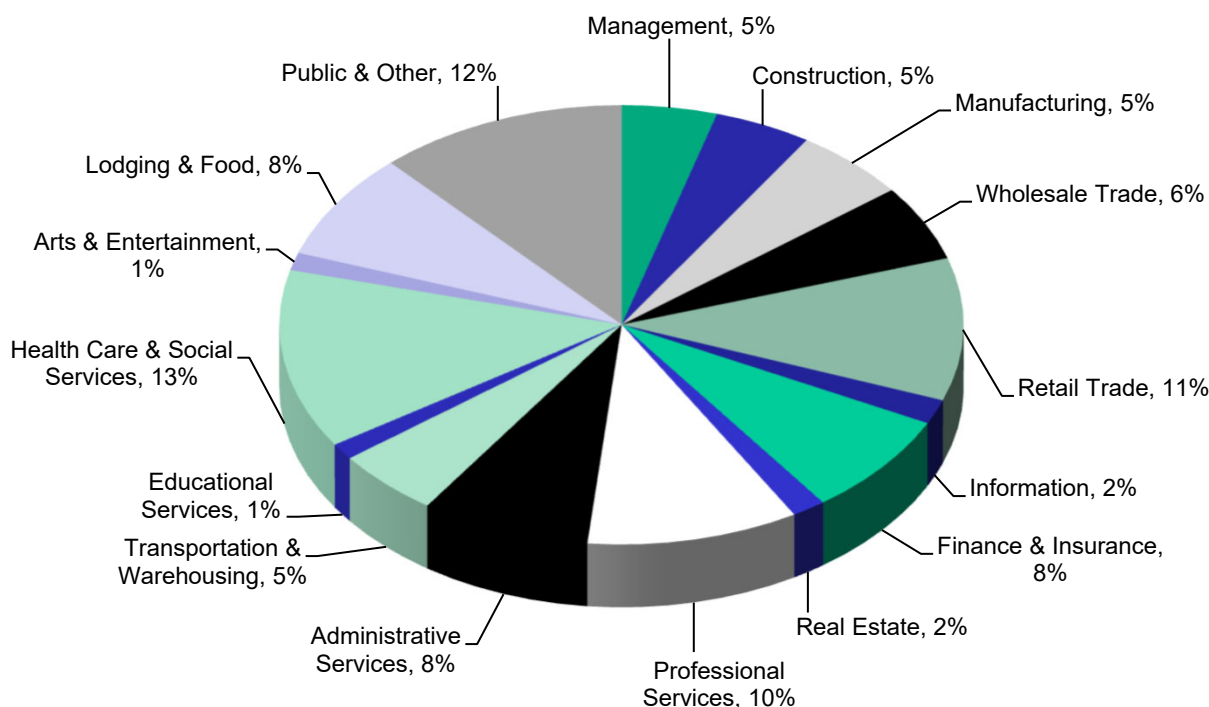


1. Source: County Economic Research Institute, January 2022 Johnson County Indicators

2. Source: County Economic Research Institute, 2021 Economic Primer

3. MSA is Metropolitan Statistical Area of Kansas City.

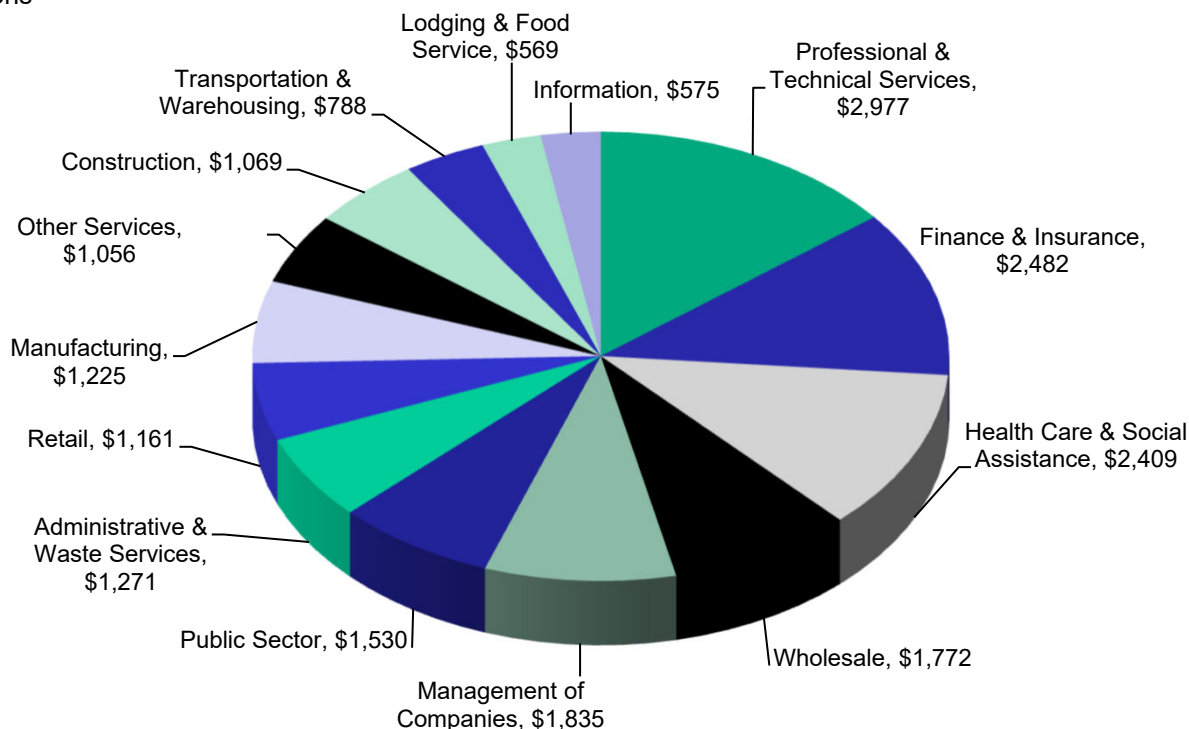
## JOHNSON COUNTY DEMOGRAPHICS NON-FARM EMPLOYMENT BY INDUSTRY: 2019



Source: County Economic Research Institute, 2021 Economic Primer

## JOHNSON COUNTY DEMOGRAPHICS PAYROLL BY INDUSTRY: 2019

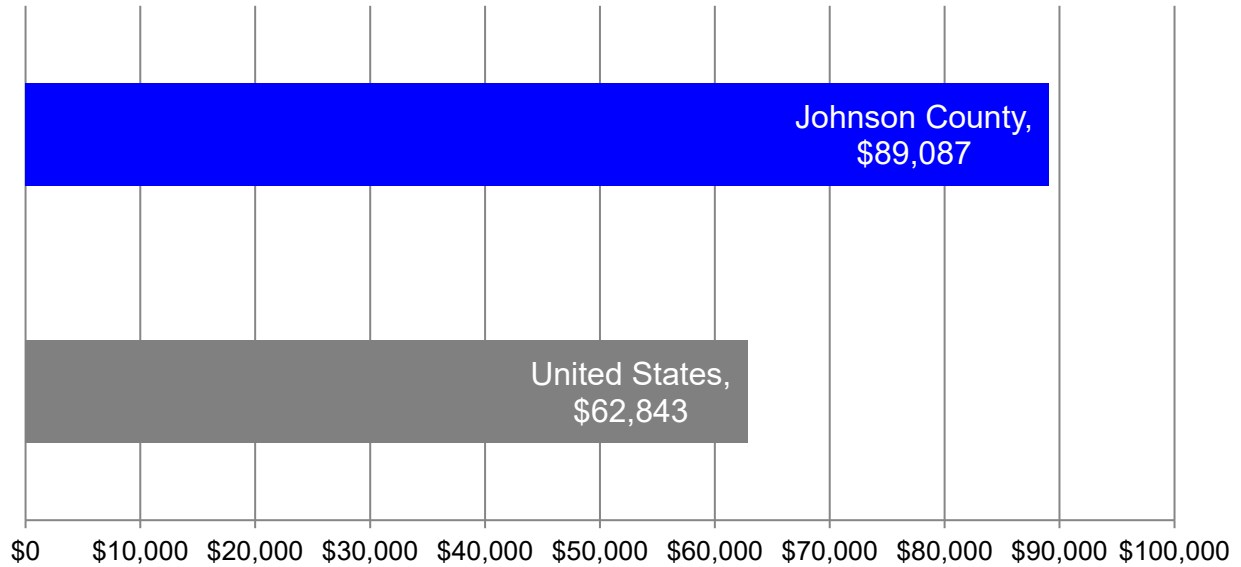
In millions



Source: County Economic Research Institute, 2021 Economic Primer

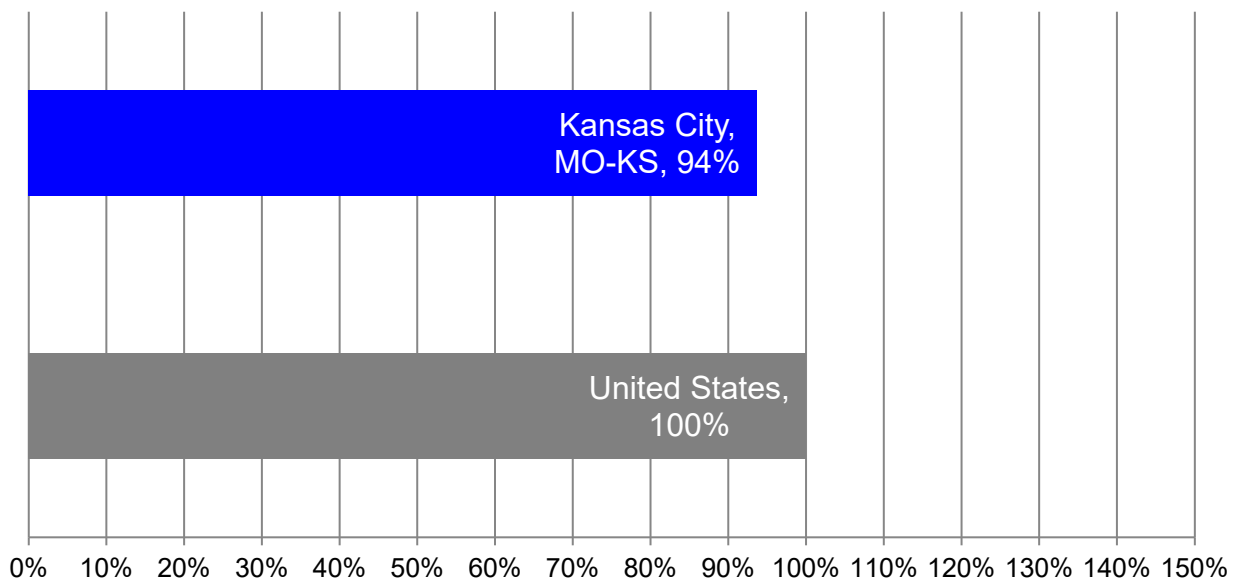
## JOHNSON COUNTY DEMOGRAPHICS QUALITY OF LIFE

### 2019 Median Household Income



Source: United States Census Bureau

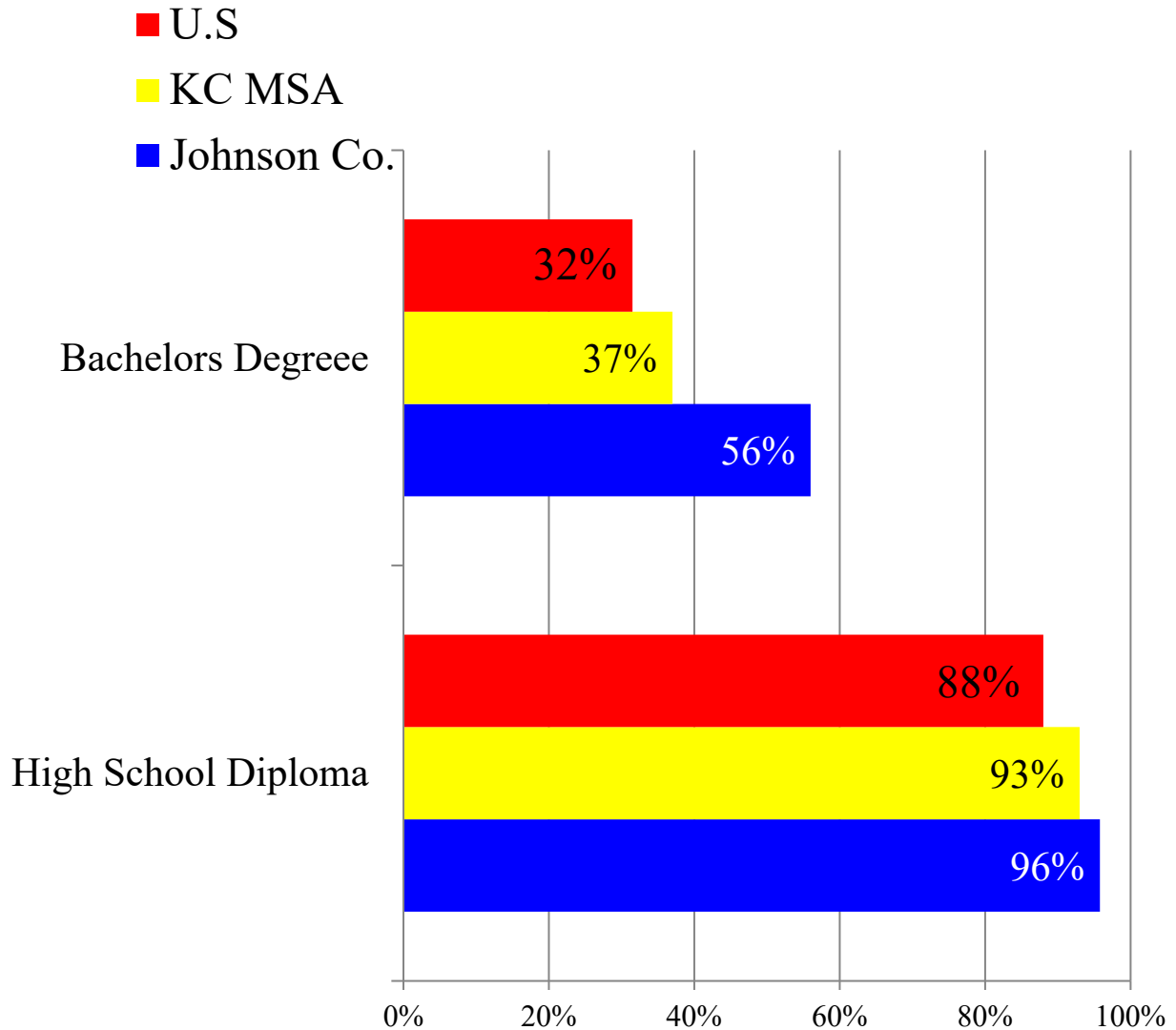
### Cost of Living Index



Source: Missouri Economic Research and Information Center

## JOHNSON COUNTY DEMOGRAPHICS EDUCATION

Percent of Persons 25 Years & Older with at least a:



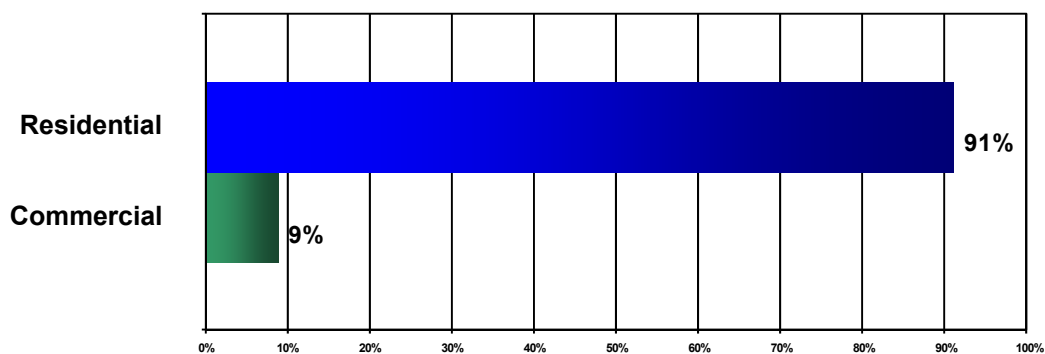
Johnson County ranks 54<sup>th</sup> nationally out of 3,142 counties for people that have a graduate or professional degree.

Source: County Economic Research Institute, 2021 Economic Primer and census.gov (High School Diploma)

**CUSTOMER BASE INFORMATION (2021)****Top 15 Customers**

1	COCA COLA BOTTLING
2	JOHNSON COUNTY WASTEWATER
3	BLUE VALLEY SCHOOL DISTRICT
4	CITY OF OVERLAND PARK
5	CORPORATE WOODS
6	SHAWNEE MISSION MEDICAL CENTER
7	CITY OF LENEXA
8	SHAWNEE MISSION SCHOOL DISTRICT
9	CEVA BIOMUNE
10	MEADOWLARK HILLS APT
11	MALKIN PROPERTIES
12	MILBURN GOLF COUNTRY CLUB
13	SHASTA BEVERAGES
14	KANSAS CITY COUNTRY CLUB
15	FOX RUN APARTMENTS

Top 15 accounts make up 3.5% of revenue

**Customer Base**

WaterOne's customer base is very stable. Approximately 91% of the customer accounts are single family residential and make up 65% of revenue. Commercial customers make up 35% of water sales revenue, and consist of a wide variety of light industrial, office building, entertainment, retail shop, service oriented businesses, and multi-family units.

GLOSSARY

**703**

703 is the section of WaterOne’s bond resolutions pertaining to the priority of WaterOne’s flow funds. Within the budget document, reference to “703” is related to the portion of the flow of funds which sets aside an operating contingency and specifies how the required balance of that reserve is calculated.

**Accrual**

A system of accounting based on the accrual principal, under which revenue is recognized (recorded) when earned, and expenses are recognized when incurred. Totals of revenues and expenses are shown in the financial statements (prepared at the end of an accounting period), whether or not cash was received or paid out in that period.

**Administrative Warehouse**

Designation for the warehouse and office facility located adjacent WaterOne’s business offices which was purchased for expansion purposes in late 2016.

**Adopted Budget**

The budget approved by WaterOne’s board at the regularly scheduled December Board meeting.

**AHQ**

Administrative Headquarters. Location of WaterOne’s administrative offices, fleet, warehouse and distribution service center.

**Amortized**

The general elimination of a liability in regular payments over a specified period of time.

**AMI**

Advanced Metering Infrastructure. A meter system which enables two-way communication over a fixed network between the meter and the utility, and between the meter and consumer.

**Annual Capital Budget**

The budget for new and replacement capital construction projects and equipment purchases funded from water rates as part of the Adopted Budget. The Annual Capital Budget excludes Master Plan projects and funding.

## GLOSSARY

### **Arbitrage**

The practice of taking advantage of a price differential for the same financial instrument in two or more different markets.

### **AWC**

Average Winter Consumption. A customer's base water usage for Peak Management Rate (PMR) billing purposes, stated in gallons per day. The AWC is used when determining which commodity block rate is applicable to water consumption in a billing period. For each year the AWC is calculated as the customer's average daily consumption for January through April. Customers are given the benefit of the higher of their individual AWC or the Default AWC.

### **AWWA**

American Water Works Association. A nonprofit, scientific and educational association dedicated to managing and treating water.

### **Balanced Budget**

Annual financial plan in which revenues equals expenditures.

### **Board**

Governing body of WaterOne. Made up of seven members elected at-large to four year terms.

### **Bond**

A debt instrument which promises to pay a sum of money on a specific date at a specified interest rate.

### **BPU**

Board of Public Utilities. Neighboring utility who provide electricity and water to WaterOne facilities located in Wyandotte County, Kansas, outside WaterOne's boundaries, primarily intake and treatment facilities.

### **Budget**

The District's financial plan balancing proposed expenditures for a certain period of time to the expected income or revenue for that same period.

### **C1**

Code used internally by WaterOne for Small Commercial Accounts, which are "Non-residential uses of water ... served through a meter size of one inch or less."



GLOSSARY

**C2**

Code used internally by WaterOne for Large Commercial Accounts, which are “Non-residential uses of water ... served through a meter size of larger than one inch.”

**C3**

Code used internally by WaterOne for Temporary Commercial Accounts, which require a special permit and defined as “Temporary water uses supplied through a metered fire hydrant.”

**CAD**

Computer-Aided Design. Using computers to design projects.

**Carry-Overs**

Annual Capital planned and funded in a prior year but not completed. Carry-overs projects are authorized to be extended to the current budget year along with their funding, which was collected from rates in the original budget year.

**CIP**

Capital Improvement Program. A proactive program addressing the capital needs of WaterOne, specifically related to growth and aging infrastructure. CIP consists of three components: Master Plan, Transmission & Distribution, and Annual Capital.

**CM**

Construction & Maintenance. A department within the Distribution Division at WaterOne.

**COS**

Cost of Service.

**CPI**

Consumer Price Index.

**DB**

Defined Benefit.

**DC**

Defined Contribution.

## GLOSSARY

### **Debt Service**

Cash required over a given period for the payment of interest and repayment of principal on bonded indebtedness.

### **Debt Service Coverage Ratio**

The sum of revenues (including investment income), less operations and maintenance expenses, divided by the annual debt service requirement.

### **Default AWC**

Default Average Winter Consumption. An alternative to the AWC set by an individual customer. The Single-Family customer has a Default AWC which is the average of all individual customer AWCs within the Single-Family Rate Class. All other retail customers have a Default AWC which is the average of all individual customer AWCs with the same meter size within their same Rate Class.

### **Delayed Payment Charge**

A charge imposed on a water bill paid after the due date.

### **Depreciation**

The expiration in the service life of capital assets attributable to wear & tear, deterioration, action of the physical elements, inadequacy or obsolescence.

### **Distribution Main**

A water main which is supplied from Transmission Mains or other Distribution Mains and which is available to serve individual customer connections. Distribution Mains are generally sized less than 16 inches in diameter, but WaterOne may designate larger sizes as Distribution Mains depending on their function.

### **DM**

Distribution Main.

### **Enterprise Fund**

A type of fund in which the costs of goods and services are recovered directly from user fees associated with those goods and services.

### **EPA**

Environmental Protection Agency.

### **ERP**

Enterprise Resource Planning. Integrated software systems combining Financial, customer, human resource and other systems

## GLOSSARY

### **Evergy**

Electricity provider for a portion of WaterOne's facilities.

### **Expenditure**

The outflow of funds paid or to be paid for an asset obtained, or goods and services obtained regardless of when the expense is actually paid.

### **Federal Funds Rate**

The target interest rate at which commercial banks borrow and lend their excess reserves to each other overnight. The rate is set several times per year by the monetary policy-making body of the Federal Reserve System.

### **Field Service Charges**

Misc. operating revenue from collection of charges for restoration of service after being shut off for nonpayment or other rule violations and returned check charges.

### **Fiscal Year**

A twelve month accounting period to which the annual operating budget applies and at the end of which WaterOne determines its financial position. The fiscal year for WaterOne begins on January 1st of every year and ends on December 31st of that same year.

### **FTE**

Full Time Equivalent. A measurement of employee staffing expressed as a ratio to a full time employee. One FTE is equal to 2,080 hours calculated as a full time employee's base paid hours for 40 hours per week for 52 weeks.

### **Fund Balance**

The fund balance in any given fund is the net position of the fund's assets after liabilities have been met.

### **GASB**

Government Accounting Standards Board. The independent, private-sector organization that establishes accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP). Standard issued by GASB are referred to by number (e.g., GASB 31).

### **General Fund**

An account which contains all revenue derived and collected by the Water District from the operation of the Water System. It can only be used for the

## GLOSSARY

purposes authorized by law, including but not limited to, paying the costs of operation, maintenance, extension, and improvement of the Water System; paying the principal of and interest on the Bonds; funding the Bond Reserve Funds; and creating and maintaining adequate reserves.

### **General Improvements**

General Improvements include normal service connection rehabilitation, main upsizing and downsizing, and installing new mains, valves, and fire hydrants.

### **GIS**

Geographic Information System. A mapping software that deals with spatial information. It links attributes and characteristics of an area to its geographic location.

### **GPS**

The Global Positioning System is a space-based satellite navigation system used to determine the ground position of an object.

### **Hansen**

Refers to the Hansen Treatment Plant, one of WaterOne's two water treatment facility locations.

### **HVAC**

Heating, Ventilation and Air Conditioning.

### **HVAC/R**

Heating, Ventilation, Air Conditioning and Refrigeration.

### **Indoor Water Use**

The base water usage by a customer that generally excludes seasonal peaking for irrigation.

### **Kansas River Water Assurance District**

A group of municipalities and industries who have rights to water from a river below Federal Reservoirs who pool their resources to purchase storage space in the reservoirs. This space and the water contained within that space is used or released to assure that the members of the District will have enough water to meet their demands.

### **KMIP**

Kansas Municipal Investment Pool.

GLOSSARY

**KPIs**

Key Performance Measures.

**KRWAD**

Kansas River Water Assurance District.

**LT**

Long-term (disability).

**M1**

Code used internally by WaterOne for Multi-Family Residential Accounts, which are “2 or more residential living units contained within 1 building or structure and served solely by 1 service connection”.

**Master Plan**

WaterOne’s long-term plan for expansion adopted by the Board in 1977. The Plan includes projects to build new facilities or replacement projects related to water treatment, pumping and storage, and transmission mains. These facilities are needed primarily to increase water supply to serve new customers but are also designed to protect existing facilities from becoming obsolete.

**Master Plan Designated**

Revenue budgeted in the Adopted Budget which are derived from water rates and transferred to the Master Plan Capital Fund.

**MBA**

Metrics-Based Analysis. MBAs are submitted to justify every new headcount. MBAs are data-driven analyses based on actual work produced, task-time estimates, constraining parameters, and assumptions.

**MGD**

Million Gallons per Day. A measurement of water flow.

**Modified Accrual Basis**

The basis of accounting in which revenues are recognized in the period when they become available and measurable (known). Expenditures, if measurable, are recognized in the accounting period in which liabilities are incurred, regardless of when the receipt or payment of cash takes place. An exception is un-matured interest on general long-term debt, which is recorded when it is due.

GLOSSARY

**Negative Cash Flow Reserve**

The Negative Cash Flow Reserve is used to provide financial liquidity during low cash flow months, normally the months of January through June each year.

**Net Bond Proceeds**

Portion of the proceeds from a bond issue which are set aside in a construction fund to pay for Master Plan projects.

**Notify JoCo**

A mass notification system to keep Johnson County residents and businesses informed of emergencies. Notify JoCo is a partnership among Johnson County, WaterOne, and participating cities. Registered users get custom alerts by phone, email, and/or text.

**NPV**

Net Present Value. The present value of the expected future cash flows minus the cost.

**O&M**

Operation & Maintenance.

**OPEB**

Other Post Employment Benefits. Benefits provided to retirees other than pension, such as retiree health insurance.

**OT**

Overtime (Labor).

**Ozone Treatment Plant**

WaterOne facility located adjacent to the Hansen Treatment Plant which treats the water with ozone for disinfection and taste and odor compounds.

**P&I**

Principal and Interest. Refers to principal and interest due on WaterOne's bonds.

**Parity Bonds**

Special obligations of the Water District payable solely from and secured by a pledge of and first lien on the net revenues of the Water district.

## GLOSSARY

### **Pay-As-You-Go Basis**

A term used to describe a financial policy by which capital outlays are financed from current revenues rather than through borrowing.

### **PMR**

Peak Management Rate. An inclining rate structure designed to encourage customers to reduce peak usage and recovers costs more equitably from those customers who choose to have peak water usage. PMR rates charge a higher amount for water usage above the customer's base usage. Block 1 rates are for volumes up to 125% of the customer's Average Winter Consumption (AWC). Block 2 rates, which are higher, are for those gallons used in excess of 125% of the customer's AWC.

### **Potable Water**

Water that does not contain pollution, contamination, objectionable minerals or infective agents and is considered safe for domestic consumption.

### **Presed**

Presedimentation. A pretreatment process used to remove gravel, sand, and other gritty material from raw water before it enters the main treatment plant.

### **Principal and Interest Fund**

A fund used to account for restricted cash and investments. Its specific purpose is to pay the debt service on WaterOne's outstanding bonds and contingencies.

### **PRV**

Pressure Reducing Valve.

### **R1**

Code used internally by WaterOne for Single-Family Residential Accounts, which are "1 residential living unit served solely by 1 water service connection."

### **Ralph G. Wyss Pump Station**

WaterOne's newest pump station in service in 2016 to provide increased pumping and storage capacity for the southern portion of the service area.

### **Rate Class**

Customers grouped together for billing purposes having similar characteristics. WaterOne Rate Classes are: Single Family Residential Multi-Family Residential, Small Commercial, Large Commercial, Temporary Commercial, and Wholesale.

GLOSSARY

**Raw Water**

Water in its natural, untreated state.

**Reserve Fund**

An account used to indicate that its balance is restricted for a specific purpose and is, therefore, not available for general appropriation.

**RFP**

Request for Proposal.

**SAP**

An integrated enterprise application suite, using Enterprise Resource Planning software in a client-server environment.

**SCADA**

Supervisory Control and Data Acquisition. A large-scale, distributed measurement and management computer system used as a mechanism to monitor and control chemical, physical or transport processes.

**SDC Fund**

The fund where SDC revenue is collected to pay for SDC-qualified facilities or to retire bonds which were issued for SDC-qualified facilities.

**SDCs**

System Development Charges. SDCs represent a capital contribution from new customers to be used by WaterOne for the construction, refurbishment, or replacement of major projects related to additional supply, treatment, and transmission and major distribution facilities, or the redemption of bonds issued to pay for those facilities.

**Significant Accounts**

For district-wide schedules, a Significant Account is any O&M account that comprises 5% or more of its category, and/or has a change of both \$25,000 and is 5.0% over the prior year's budget. For the divisional sections, Significant Accounts are the largest budget items and must collectively make up at least 90% of the divisional O&M budget.

**ST**

Short-term (disability).



GLOSSARY

**T&D**

Transmission & Distribution - Facilities related to Transmission and Distribution include water mains, pressure reducing valves, service connections and fire hydrants.

**T&D Capital Fund**

A contingent liability account set up to pay only for the maintenance, rehabilitation and/or replacement of WaterOne's aging Transmission & Distribution underground infrastructure.

**TM**

Transmission Main.

**Total Annual Capital**

Total Annual Capital consists of the Annual Capital budget and annual funding to the T&D Capital Fund.

**Transmission Main**

A water main which functions as a high volume feed between the water source to Distribution Mains and other Transmission Mains. Transmission mains are generally sized 16 inches in diameter and larger, but WaterOne may designate smaller sizes as Transmission Mains depending on their function.

**Unified Government**

Unified Government of Wyandotte County and Kansas City, Kansas. A portion of WaterOne's source and treatment facilities are located in Wyandotte County, within the jurisdiction of the Unified Government.

**VS**

Valving and Services. A department within the Distribution Division at WaterOne.

**Water Revenue Bonds**

Debt instruments issued by a state or local government in order to raise money which are secured solely by specified revenue and not by tax revenue.

**Water Sales Revenue**

Income derived from customers for the delivery of water, including service charges and metered volume-based charges.

**Wolcott Facility**

The newest of WaterOne's two water treatment plant locations.

GLOSSARY

**WRF**

The Water Research Foundation is a nonprofit, educational organization that funds, manages, and publishes research on the technology, operation, and management of drinking water, wastewater, reuse, and stormwater systems.