

4. Capital Facilities Element

This chapter has been developed in accordance with section 36.70A.070 of the GMA to address the financing of capital improvements for the city of Nooksack and the areas located within Nooksack's UGA. It represents the community's general plan for capital facilities for the next 20 years and includes a detailed financial analysis of the upcoming 6 years. The goals and policies in this chapter will be used to guide public decisions on the use of capital funds and will provide a strategy for expenditures on capital improvements.

Planning Assumptions

This element has been developed in accordance with the county wide planning policies and is integrated with all of the other planning elements to ensure consistency throughout the comprehensive plan. In particular, some assumptions from the land-use chapter are also used as the basis for projections in this chapter..

- The population of the Nooksack UGA will increase during the planning period from 1,435 in 2013 to 2,425 in the year 2036 (an average annual growth rate of 2.3%).

Domestic Water

The information presented in this section is based on information included in the *City of Nooksack Water System Plan* (November 2012) prepared by Freeland and Associates, Inc. and the *Water System Plan Update* (April 2016), also prepared by Freeland and Associates, Inc.

Existing Conditions

Nooksack's water system is integrated with that of the Nooksack Valley Water Association (NVWA). The city and the NVWA jointly own and maintain one facility and share some of the costs of system maintenance in the areas that serve both systems. The city has sole responsibility for the areas within city limits.

Source. The city and NVWA currently purchase water from the city of Sumas. Sumas operates two wellfields and is limited by the Department of Ecology to a maximum rate of withdrawal of 3,910 gallons per minute (gpm) and a total withdrawal volume of 3,744 acre-feet. Current rates of withdrawal are approximately 60 percent of these amounts. This water is distributed to the city of Sumas, the Sumas Rural Water Association, the city of Nooksack, and NVWA.

In 2002, Nooksack, NVWA, and Sumas entered into a revised long-term agreement for the purchase of potable water from Sumas for a period of twenty years. This supply agreement was updated in 2009 to increase the maximum instantaneous flow available to Nooksack and NVWA to 971.5 gallons per minute. The quantities of water included in the agreement are based on the City of Sumas Water System Comprehensive Plan and additional analysis completed in 2009. Given that Nooksack's planned growth through the year 2036 generates a demand for 199 acre-

feet of water per year, which represents only 10 percent of Sumas's permitted total volume, Nooksack is confident that the long-term agreement will provide for the city's needs at least through the year 2036.

Treatment. Historically there has been no need to treat the water purchased from Sumas. However, moderate levels of nitrates have been identified in the water (6.5 milligrams per liter (mg/l) as compared to the maximum contaminant level of 10 mg/l). At current nitrate levels there is no need for treatment, but if levels increase, treatment may become necessary. One possible treatment is blending of water with a less contaminated source. Other treatments are more expensive.

Storage. Water is stored in two 100,000-gallon tanks and one 500,000-gallon tank that are located just north of the city. The city and NVWA each own one of the 100,000-gallon tanks, and the 500,000-gallon tank is cooperatively owned and operated by Nooksack and the NRWA. Based on the storage analysis included in the 2016 update to the City's water system plan, the tanks have remaining capacity to accommodate growth at least through the year 2036 and possibly longer.

Distribution. The combined NVWA/Nooksack distribution system consists of at least 96,000 lineal feet (lf) of pipe ranging in diameter from 2 to 16 inches. Of the total, 54,400 lf is jointly maintained by the two systems. The jointly-owned segments are generally those that carry water from Sumas to the storage tanks. Nearly all of the jointly owned pipe has been replaced over the course of the past 15-20 years and should not require significant maintenance through the planning period.

Water is carried from the tanks to city limits through 9,400 lf of pipe owned by the city. The distribution system within the city limits consists of approximately 44,280 lf of pipe within a developed service area of 240 acres. With the exception of the pipe leading from the tanks to town, the 12-inch loop serving the downtown area and all of the distribution pipes in recently completed developments, many of the city-owned pipes are leak-prone, 50-year-old pipe.

Future Needs

Source, storage, and treatment. The city does not need to develop any additional source, treatment or storage capacity at this time.

Distribution. About 23,000 lf of pipe in the city limits and about 54,400 lf of jointly maintained pipe will probably need to be replaced over the course of the planning period. In order to replace 23,000 lf over a 20 year period, about 1,150 lf should be upgraded each year. At an average cost of \$15 per lf, this program will cost \$17,250 per year. Outside city limits, the NRWA has lead-agency status for rehabilitation efforts, so the city will need the cooperation of the NRWA in order to undertake a similar program. At similar unit prices, the jointly-owned pipe can be replaced at an average cost of \$40,800 per year (2,720 lf per year), with the city responsible for half the cost. In summary, replacement of aging pipe will cost the city roughly \$37,650 per year for the duration of the planning period.

In addition to rehabilitation of the existing system, there will be the need to expand water service to areas not currently served. As discussed in the previous chapter, between 65 and 118 acres of residential development are expected within the planning period. At the existing pipe density of 240 lf per acre, there will be a need for approximately 15,600 – 28,320 lf of pipe. At \$15 per lf, the total cost of installing this pipe is estimated at between \$234,000 and \$424,800. Newly developed industrial and commercial acreages will add to this total. The city intends, however, that developers of raw land will pay all such on-site utility costs, as well as a fair share of new off-site costs.

The total costs associated with maintenance of the existing water system and expansion of the system are high, but these costs will not be financed entirely through municipal funds. Growth-related facilities will be funded by developers, while maintenance of the system will be funded by the city.

Table 4-1. Water System 20-Year Capital Improvement Program

Project #	Project Name / Description	Cost	Year	Funding Source
#1	Replace hydrant at 1400 block of Nooksack Ave., including service to NVWA meters on west side of Nooksack Ave.	\$10,000	2018	City, NVWA
#2	Install 8-inch main on W Lincoln St., west to W 1 st St., then south on W 1 st St. to W Madison	\$45,000	2022-2036	City
#3	Install 8-inch main and 2 hydrants on Columbia Street from W. 2 nd St. to Everson intertie	\$248,000	2017	School District
#4	Complete 6-inch loop on E 3 rd St. south to E Lincoln & install new hydrant (6-inch) at intersection of E Lincoln St. & E 3 rd St.	\$15,000	2022-2036	City
#5	Replace all segments of 6-inch steel pipe. (various streets)	\$110,000	2022-2036	City
#6	Replace all segments of 4-inch steel pipe. (various streets)	\$250,000	2022-2036	City
#7	Replace all segments of 2-inch galvanized iron pipe. (various streets)	\$38,000	2022-2036	City
#8	Install 8-inch main on E 1 st St. south to E Madison St, upgrade 4-inch main to 8-inch main on E Lincoln St. west to E 1 st St., replace hydrant at E Lincoln St. & E 2 nd St.	\$55,000	2022-2036	City
#9	Completion of Nooksack Ave. pipe replacement.	\$92,000	2022-2036	City
#10	Replace existing standpipe with new hydrant at northeast corner of loop in Hertel Way.	\$5,000	2019	City
#11	Install two hydrants near eastern city limits along South Pass Rd.	\$8,000	2020	City, DF
#12	Nooksack Ave. pipe replacement from Madison St.	\$28,000	2021	City, DF,

	north to end of system			Loan
#13	Upgrade 4-inch main to 8-inch main on Hayes St. From Nooksack Ave. to W 3 rd St.	\$45,000	2022-2036	City, DF
#14	Replace old standpipe at 900 block of W 1 st St. with new hydrant.	\$4,000	2019	City
#15	Transmission and distribution mains to serve UGA, UGA Reserve, and special study areas.	TBD	2022-2036	DF
#16	Supply pipe replacement per maintenance agreement with NVWA	\$59,460	2016	City

Financial analysis. The financial analysis included in the 2016 update of the City’s water system plan demonstrates that the City revenues, including monthly water rates and connection charges, will be sufficient to cover all costs of system operation and maintenance as well as identified capital improvement projects through the year 2036.

Sanitary Sewer

The information in this section was drawn from the Nooksack General Sewer Plan (2012) and the Nooksack General Sewer Plan Elements Amendment (2016), both of which were prepared by BHC Consultants, LLC.

Existing Status

Nooksack completed construction of a new sanitary sewer system in 1989. This new system replaced individual on-site septic and drainfield systems that had a high possibility of failure. The City of Nooksack General Sewer Plan was prepared by BHC Consultants, LLC in 2012 and was approved by the Washington Department of Ecology the same year. BHC also completed a General Sewer Plan Elements Amendment in 2016. These documents addressed the existing Nooksack system and the improvements needed to serve new growth through the year 2036.

Collection. The collection system consists of approximately 36,500 lf of gravity fed PVC and iron pipe ranging in size from 6 to 8 inches in diameter and approximately 6,000 lf of pressure fed iron pipe ranging in size from 4 to 6 inches in diameter. This is a total of approximately 42,500 lf of pipe in the collection system.

The collection system provides service to a developed area of 240 acres. In the existing system, each lift station handles a basin of approximately 60 acres.

The collection system is divided into four drainage basins. The drainage basins are located so that they are drained by gravity flow and then pumped by lift station to the next successive basin: all sewage is pumped to the Garfield pump station, and sewage from the Garfield station is pumped to the Everson wastewater treatment plant for treatment. With such a new system, the maximum capacity of the current collection system has not yet been reached.

Infiltration and inflow (I & I) into the system is minimal because the system is relatively new. Unless there is some event that damages the sewer pipes, I & I should be of limited concern for the next ten years.

Treatment. The wastewater treatment plant (WWTP) located in the city of Everson is an oxidation ditch facility. The plant was upgraded in 1988 to handle the increased flows from the new sewer system established in Nooksack. The cities of Nooksack and Everson share all the capital and operating costs associated with the facility. A major upgrade of the Everson WWTP was begun in 2015 and is scheduled to be completed by the end of 2016. The WWTP upgrade will increase plant capacity to accommodate the needs of both cities through 2036.

Sludge disposal. Everson and Nooksack contract with a local firm, Tjoelker Brothers, for disposal of sludge. Sludge is collected at the treatment plant and transferred to holding tanks and then is spread on local farm fields once sludge digestion is complete and conditions are favorable for land application.

Needed Improvements

Collection and pumping. The cost of maintaining the system at current operating capacity over the course of the planning period is approximately \$6,300,000 (\$300,000 annually). The cost of maintaining the system will be the responsibility of the city and will be covered by monthly sewer rates.

In addition to maintenance of the existing system, there will be the need to expand sewer service to areas not currently served. All costs associated with expanding the system to serve new development will be paid by developers.

The Nooksack General Sewer Plan and Amendment identify the capital projects needed over the next twenty years. These projects are included in Table 4-2 below. These costs will be covered by a combination of monthly sewer rates, connection charges paid by new development, grants, loans, and existing capital reserves.

Treatment. Based on the treatment plant upgrade due to be completed in 2016, the sewer treatment capacity for the city of Nooksack is sufficient to serve new growth through the planning period. One additional upgrade project at the WWTP has been identified as being needed in the year 2027. This additional project is also included in Table 4-2.

Table 4-2. Sewer System 20-Year Capital Improvement Program

Project #	Project Name / Description	Cost	Year	Funding Source
#1	PS 4 - Flow Meter	\$40,000	2021	City
#2	PS 3 - Nooksack North Mechanical Replacement	\$125,000	2017	City
#3	WWTP Upgrades	\$1,367,000	2016	City, EDI
#4	PS 1 - Garfield Force Main Extension	\$652,000	2021	Loan

#5	PS 1 – Garfield Pump Size Increase	\$66,000	2022	City
#6	PS 1 – Garfield Influent Line	\$25,000	2023	City
#7	PS 2 - City Park Pump Size Increase	\$66,000	2031	City
#8	PS 12 – West 3rd Street Mechanical Replacement	\$125,000	2032	City
#9	Hollandia Pump Station and Force Main	\$200,000	2022	DF
#10	Northwest Pump Station and Force Main	\$200,000	2026	DF
#11	East UGA Collector, Pump Station and Force Main	\$250,000	2025	DF
#12	South Pass Collector, Pump Station and Force Main	\$250,000	2021	DF
#13	WWTP – UV Disinfection	\$250,000	2027	City

Financial analysis. The financial analysis presented in the General Sewer Plan and GSP Elements Amendment indicate that anticipated revenue from monthly sewer rates and connection charges will be insufficient to cover all costs of operation, maintenance, capital improvements and debt service; however, it appears that existing sewer capital reserves will be sufficient to make up the shortfall. The City will re-visit its capital improvement program and sewer rate structure once the WWTP upgrade has been completed to determine if monthly sewer rates need to be increased and/or if certain non-essential / non-capacity-related projects will need to be delayed.

Storm Water System

Existing System

An integrated storm water system for the city of Nooksack has never been built. Storm runoff drains from roads onto the gravel or grass verge. In 1997, the city added three new catch basins and upgraded approximately 1,740 lf of stormwater pipe serving the gas stations at the corner of Columbia Street and SR9. As part of the 12-inch water main loop project serving the downtown area, an additional 2,500 lf of stormwater pipe were installed or upgraded along Nooksack Avenue between Harrison and Lincoln Streets. In 2008, approximately 500 feet of storm pipe was installed in W. Second Street in conjunction with construction of the new sidewalk. All of the new developments to the west of W. Third Street included storm drain systems. Runoff is drained into sloughs west of the city. The Village of Nooksack development adjacent to E. Madison Street also includes a storm drain system that discharges to the Sumas River.

Much of the runoff associated with storms is handled by the current system in Nooksack, but if rains are moderate to heavy some puddling and even flooding of certain areas occurs.

Needed Improvements

If the projected development occurs as expected for the city, there will be a need to complete a comprehensive stormwater management plan. The runoff associated with increased development will need to be planned for. The cost of completing a comprehensive stormwater management plan will be addressed in the six-year financial plan.

The following projects have been identified as needing to be completed in the next six years:

- E. Lincoln Street from E. 1st to E. 4th Street (included in 6-year TIP)
- E. Fourth Street from E. Madison to Gillies Road (component of road reconstruction included in 6-year TIP)

Standards. Nooksack requires new development to comply with the most recent update of the Washington Department of Ecology's Stormwater Management Manual for Western Washington: New subdivisions are required to install complete stormwater management systems meeting these standards. These requirements will also apply to new developments within the Nooksack UGA once these areas have been annexed into the City. All costs for design and construction of stormwater systems serving new development in the UGA will be borne by the developers.

Parks and Recreation

Existing Conditions

The city of Nooksack operates one public park within its planning area. This park is relatively small (approximately one acre), but serves well as a neighborhood/community park. Historically, the park site was leased from the Burlington Northern Railroad, but in 1997 the city purchased the parcel. The Nooksack Elementary School and the Nooksack Valley Middle School also have recreational facilities that serve the local community. Residents of Nooksack can also utilize the community parks located in Everson, such as Riverside Park adjacent to the Nooksack River.

Level of Service

The City of Nooksack adopts a level of service (LOS) for parks of one acre per 1,000 people.

Future Needs

Although the city is ideally located in terms of recreational activities, the future population growth of Nooksack and the surrounding areas (and the resulting increased demand for park and recreational facilities) will necessitate the expansion of such facilities. Based on the above LOS, an additional 1.5 acres of park land would be needed during the planning period. The city anticipates that land will be dedicated for park use as part of the residential development in the environmentally sensitive areas adjacent the streams and sloughs. Development of any such park will fall upon the city, so two park development projects have been included in the twenty-year financial plan.

Park development may require the City to adopt and collect park impact fees as new development takes place. Establishment of park impact fees should be considered during the first six years of the planning period. Given the central location of Nooksack City Park, additional park areas will likely be needed near the eastern and western edges of the city.

The City has identified three projects necessary to achieve these objectives:

- PROJECT 1: Require dedications of park lands in conjunction with major subdivisions near the eastern and western city limits.
Estimated Budget: \$0
- PROJECT 2: Using revenue generated through park impact fees, develop a one-acre park in the area east of E. Fourth Street.
Estimated Budget: \$50,000
- PROJECT 3: Using revenue generated through park impact fees, develop a one-acre park in the area west of W. Third Street.
Estimated Budget: \$50,000

Street System

Please see the transportation element (Chapter 6).

Schools

Existing Status

Nooksack Valley School District No. 506 (NVSD) provides public schooling for Nooksack as well as Sumas, Everson, and part of unincorporated Whatcom county. NVSD operates four schools that serve the citizens of Nooksack, as described in Table 4-3.

According to criteria used by the state superintendent of public instruction, NVSD has excess capacity at all grade levels, as can be seen by comparing enrollments to building capacities. NVSD's facilities are generally in good shape. The newest facility is the Nooksack Elementary school, which was constructed in 1998. The Everson Elementary school is a relatively new facility opened in the fall of 1993, and the Middle school underwent a major renovation in the 1993 - 1994 school year. Four new classrooms were also added to the High school during that school year. In 2015, local voters approved a major school bond measure that will fund school district upgrades and expansions over the coming years. These projects are discussed below.

Table 4-3. Characteristics of School Facilities

School (location)	Grades	Classrooms	Capacity ¹	Enrollment
Nooksack Elementary (county)	K-5	22	440	349
Everson Elementary (Everson)	K-5	17	340	234
Middle School (Nooksack)	6-8	26	650	329
High School (county)	9-12	44	1,320	429

¹ Capacity based on ratio of 20 students per room (K-5), 25 students per room (6-8), and 30 students per room (9-12).

Future Needs

The state superintendent of public instruction provides enrollment projections based on cohort survival (i.e., the progression of students from one grade to the next). The projections show that K-5 enrollment will slowly increase from 805 in 2015 to 994 in 2021, grades 6-8 enrollment will increase from 330 to 413, and grades 9-12 enrollment will decline slightly from 430 to 428 in the same period. Based on state projections, it is anticipated that NVSD will have excess capacity at all grade levels through the planning period.

The School District has planned three major capital improvement projects that will be funded by the bond measure passed by voters in 2015. These projects are described in Table 4-4.

Table 4-4: Projects Funded through 2015 School District Bond Measure

School	Project Description	Total Cost	State Match	Local Share	Year
Middle School	Replace entire Middle School except covered, enclosed play area.	\$22,000,000	\$4,000,000	\$18,000,000	2016-2017
Nooksack Elementary	Enclose covered play area; add 1 kindergarten and 3 gen. classrooms.	\$2,240,000	\$0	\$2,240,000	2016
High School	Non-classroom facility replacement and expansion.	\$11,144,000	\$3,559,000	\$7,585,000	2016-2017

The District is also planning several capital projects to be funded through the regular (annual) capital levy. These projects include:

1. Everson Elementary School Roof - \$200,000 in 2016
2. Everson Elementary HVAC Controls - \$75,000 in 2018
3. Everson Elementary Gym Floor - \$60,000 in 2016
4. Nooksack Elementary Gym Floor - \$60,000 in 2016
5. K-5 Floor Coverings - \$25,000 per year for five years beginning in 2016
6. High School Gym Roof - \$30,000 in 2020
7. High School Stadium Roof - \$30,000 in 2020

In summary, it is anticipated that NVSD will have sufficient classroom capacity through 2036.

Police

Existing Status

The City of Nooksack contracts with the City of Everson for police protection and law enforcement services. The Everson Police Department provides coverage 24 hours a day, seven days a week. During major emergency events, additional law enforcement support is provided by various state and local law enforcement agencies. The Everson Police Department offices are housed within a separate building that is adjacent to Everson City Hall. The Department has a staff of five full time officers in addition to the Chief of Police. The Police Department operates

and maintains a fleet of six patrol cars in addition to office and other equipment related to law enforcement.

Level of Service. Based on a 2015 combined population for Everson and Nooksack of 4,040 people within both cities, the Everson Police Department currently provides the following levels of service:

- 1.5 officers per 1,000 population; and
- 1.5 patrol cars per 1,000 population.

The City of Everson proposes to maintain the following level of service standards:

- 1.25 officers per 1,000 population; and
- 1.25 patrol cars per 1,000 population.

Future Needs

Based on the 2036 population allocation of 6,332 people for Everson and Nooksack combined (3,907 plus 2,425), the Everson Police Department would need 7.9 officers and 7.9 patrol cars to accommodate planned growth while maintaining the above level of service standards. The current staffing level of six officers and six patrol cars is sufficient to serve projected growth through the year 2021. In approximately 2022 the Police Department will need to add an additional officer and patrol car to maintain the above level of service standards, and a second additional officer and patrol car would be needed in approximately year 2030.

The primary capital improvement expenditures anticipated by the Everson Police Department are those associated with purchase of new patrol cars. Based on a typical useful life of ten to twelve years for patrol cars, the City of Everson anticipates the need to replace one patrol car every other year. Over the past several years, the federal government has provided grants that covered up to one hundred percent of the cost of purchasing a new patrol car; however, more recently, these grants have been covering a smaller percentage of such expenditures. The City of Everson's financial analysis assumes that the City will need to pay seventy-five percent of all such acquisition costs within the planning period.

The Police Department will continue to be housed at its current location adjacent to Everson City Hall, so no major building expenses are anticipated. The Police Department will likely need to purchase or replace some minor equipment, such as computers and radios; however, it is anticipated that, as in the past, grant funding will be available to offset all or a portion of these costs.

The City of Nooksack receives police protection services under a five-year contract that was executed in January 2016. It is anticipated that prior to the end of 2020 the contract will be renewed and extended and that contract costs will increase consistent with planned rates of growth.

Fire Protection

Existing Status

Fire protection services within the city of Nooksack are provided by Whatcom County Fire Protection District 1. District 1 prepared a capital facilities plan that was adopted in 2015 that addresses growth within the District's service area, including Nooksack, through 2036.

Fire District 1 operates primarily on a volunteer basis; however, it is anticipated that the number of paid positions will need to increase in coming years due to changing employment patterns and declining numbers of volunteers. The District maintains two fire stations – one in Everson and one in Nugent's Corner – and a fleet of 15 vehicles, including fire engines, tenders, aid cars and other vehicles.

Future Needs

The District's capital facilities plan identifies a number of capital improvement projects that are needed over the course of the planning period. The most important of these is the expansion and remodeling of the Everson fire station, which is planned to be undertaken in 2018. With the passage of the levy increase by the voters in 2015, the District is expected to have sufficient resources to complete the improvements needed to serve new growth through 2036.

Goals and Policies

Goal. To provide capital facilities consistent with statutory requirements and with the other elements of this plan.

Policy. The city shall accord highest priority to those projects required by statute or necessary for the preservation of public health and safety.

Policy. The city shall develop capital facilities in a manner that directs and controls land-use patterns and intensities in accordance with the land-use element of this plan. As required by RCW 36.70A.070, the city shall reassess the land-use element if funding is unavailable for the capital projects needed to support a planned use. Development shall be allowed only when and where there are capital facilities and public services available to serve that development.

Goal. To allocate the cost of a facility fairly among those that benefit from the facility.

Policy. Long-term borrowing should be used to pay for facilities that will benefit more than one generation.

Policy. General governmental revenues should be used to pay only for facilities of general benefit. Other financing methods such as connection fees, utility rates, LIDs, and revenue bonds should be used to pay for facilities that benefit a narrower group.

Policy. Facilities providing benefit only to a new development should be paid for by the developer.

Policy. Facilities providing benefits to both existing residents and newcomers should be paid for by both groups, with each group paying a share proportional to their corresponding benefit. Connection fees and impact fees shall be based upon this principle of proportional benefit.

Goal. To build and operate facilities as efficiently as possible.

Policy. A planning process should precede all major capital expenditures. This capital facilities chapter should be the cornerstone of that process. This element should be updated every other year and, with the exception of emergency projects, the capital budget for any given year should include only those projects identified in this element.

Policy. The city should coordinate the projects in a given location in order to reduce costs.

Policy. The city should aggressively pursue low-cost funds such as grants and subsidized loans.

Policy. Major developments should have a full range of facilities, including streets, water, sewer, storm sewer, sidewalks, and neighborhood parks. These facilities should be installed and paid for by the developer and thereafter dedicated to the city.

Policy. The city should adopt and enforce sensible design and construction standards for capital facilities systems.

Policy. Existing facilities should be adequately maintained, because maintenance is usually more cost-effective than replacement.

Six-Year Financial Plan

This section demonstrates whether the city has the resources to pay for the capital facilities required during the next six years. No attempt is made to account for the on-site costs of expected development. Developers will bear those costs completely.

Table 4-5, below, includes four spreadsheets corresponding to the four major funds (or groups of funds) in the Nooksack accounting system. Each spreadsheet shows projected revenue and expenditure over the six-year span from 2016 through 2021. The spreadsheets are based on the 2015 year-end results. The dozens of line items in the accounting system are consolidated into a

few major categories. For instance, expenditures are allocated to just three categories: salaries and benefits, operations and maintenance, and capital outlay (including debt service). The major capital projects presented earlier in this chapter are listed individually.

One column contains percentage values used to predict future amounts. For the most part, we simply assume that revenues and expenditure will increase proportionate to expected growth. For some kinds of revenue and expenditure (e.g., scheduled debt), no growth in costs is shown. No adjustment for inflation is made, but no increases in revenue are shown either. We assume that rates can be increased in proportion to inflationary pressure.

At the bottom of each spreadsheet are two lines showing the annual operating results and the cumulative fund balance. Annual results are calculated by subtracting expenditure from actual annual revenue (i.e., ignoring the balance brought forward from the prior year). Following is a discussion of each system-specific spreadsheet:

Current Expense. This spreadsheet represents costs associated with legislative, executive, judicial, legal, general governmental, police, health, fire, and park cost centers. This fund is in relatively good shape. Decreases in state-authorized revenues combined with continued increases in expenses will impact this fund over the next six years. The City is continuing to do all that it can to reduce expenses and hopes to increase revenues by attracting new commercial or industrial businesses.

Street System. This spreadsheet shows activities related to the street fund and the arterial street fund. This fund is in fair shape, although the city plans on being able to complete a comprehensive stormwater plan as well as a number of street and sidewalk projects. Note, however, that some projects identified in the six-year transportation improvement program depend upon financing from the TIB or other agencies that has not yet been secured. If the city is unsuccessful in competition for grant funds, the projects will have to be delayed. Delay of the projects poses no particular problems, given that the transportation element has not identified the given roads as problematic.

Sewer System. This spreadsheet shows activities related to the sewer fund. One major project expenditure is anticipated within the six-year time period. As can be seen, much of the cost of the WWTP Upgrade project will be covered by EDI grant and loan funding; however, nearly all of the sewer capital reserves will be needed to make up the difference in 2016. The sewer fund will maintain a relatively low balance over the first six years of the planning period and will then begin to accumulate funds through the remainder of the planning period.

Water System. This spreadsheet shows activities related to the water fund, which is in fair shape. A series of small to medium capital improvement projects have been planned, but no major expenditures are planned. The plan shows the debt service payments on the Public Works Trust Fund loans utilized to finance the 16-inch transmission line and 12-inch downtown loop projects.

Consolidated results. This spreadsheet simply adds together the results of the previous four. It shows that the city has the overall resources to fund the projects anticipated in the next six years.

TABLE 4-5: 6-YEAR FINANCIAL ANALYSIS

	2016	2017	2018	2019	2020	2021	6-Yr Total
Population forecast	1496	1532	1570	1608	1647	1688	
	2.4%						
Current Expense Fund							
Revenue							
Balance brought forward	938,521	992,878	1,102,193	1,211,363	1,320,283	1,428,837	
Property tax	57,889	60,205	62,613	65,117	67,722	70,431	
Sales tax	83,746	85,794	87,892	90,042	92,244	94,500	
Utility taxes	122,017	125,001	128,058	131,190	134,398	137,685	
REET	45,328	46,437	47,572	48,736	49,928	51,149	
State-shared & entitlements	114,917	117,728	120,607	123,556	126,578	129,674	
Licenses, permits	49,250	50,454	51,688	52,952	54,247	55,574	
Miscellaneous	2,908	2,980	3,052	3,127	3,204	3,282	
Interest	3,091	3,091	3,091	3,091	3,091	3,091	
GMA Grant	5,000	0	0	0	0	0	
Total revenue	1,417,668	1,484,567	1,606,766	1,729,175	1,851,694	1,974,222	
Expenditure							
Salaries & benefits	75,209	78,217	81,346	84,599	87,983	91,503	
Operations & maintenance	106,756	111,026	115,467	120,086	124,889	129,885	
Police contract	155,000	159,650	164,440	169,373	174,454	179,687	
Fire	0	0	0	0	0	0	
WVWTP Upgrade - REET fund	55,000	0	0	0	0	0	
Professional Services	32,825	33,481	34,151	34,834	35,530	36,241	
Total expenditure	424,789	382,374	395,403	408,892	422,857	437,316	
Annual operating results	54,357	109,314	109,171	108,919	108,554	108,068	598,384
Cumulative balance	992,878	1,102,193	1,211,363	1,320,283	1,428,837	1,536,905	

		2016	2017	2018	2019	2020	2021	6-Yr Total
Street system								
Revenue								
Balance brought forward		407,928	421,113	340,935	305,932	316,094	326,407	
MV fuel tax	2.4%	30,978	31,735	32,511	33,306	34,121	34,955	
Local option gas tax	2.4%	16,041	16,433	16,835	17,247	17,669	18,101	
TIB/PSE St Lights Grant		12,000						
Interest		1,272	1,272	1,272	1,272	1,272	1,272	
Property Tax	4.0%	57,889	60,205	62,613	65,117	67,722	70,431	
TIB grant - W. Madison		122,550						
Misc.	2.4%	1,096	1,123	1,150	1,179	1,207	1,237	
Total revenue		649,754	531,881	455,316	424,053	438,085	452,403	
Expenditure								
Salaries & benefits	4.0%	69,310	72,082	74,965	77,964	81,083	84,326	
Operations & maintenance	4.0%	13,331	13,864	14,419	14,995	15,595	16,219	
Storm Drains		0	0	10,000	0	0	10,000	
LED St Lights		12,000	0	0	0	0	0	
6-year TIP		129,000	100,000	45,000	0	0	0	
Stormwater Mgmt. Plan		0	0	0	10,000	10,000	0	
Prof Services		5,000	5,000	5,000	5,000	5,000	5,000	
Total expenditure		228,640	190,946	149,384	107,959	111,678	115,545	
Annual operating results		13,185	-80,178	-35,002	10,162	10,313	10,451	-71,070
Cumulative balance		421,113	340,935	305,932	316,094	326,407	336,858	

Water system

	2016	2017	2018	2019	2020	2021	6-Yr Total
Revenue							
Balance brought forward		493,509	582,077	660,016	738,210	818,669	
Water sales	2.4%	235,879	247,557	253,612	259,814	266,168	
Hookup fees		40,000	40,000	40,000	40,000	40,000	
Interest		1,468	1,468	1,468	1,468	1,468	
Total revenue		776,624	871,102	955,096	1,039,492	1,126,304	
Expenditure							
Salaries & benefits	4.0%	88,800	96,047	99,888	103,884	108,039	
Operations & maintenance	4.0%	68,377	73,956	76,915	79,991	83,191	
PWTF loan payment		31,083	31,083	31,083	28,948	28,948	
Water system CIP		0	10,000	9,000	8,000	28,000	
Rural Water Line		59,460	0	0	0	0	
Total expenditure		247,720	211,086	216,886	220,823	248,178	
Annual operating results		29,627	77,939	78,194	80,459	59,458	414,244
Cumulative balance		493,509	582,077	660,016	818,669	878,126	

Consolidated city resources

Annual operating results	-298,356	41,654	159,119	217,912	209,131	180,463	509,923
Cumulative balance	2,104,824	2,146,478	2,305,597	2,523,509	2,732,640	2,913,103	

Sewer system

Revenue							
Balance brought forward	592,849	197,324	121,274	128,285	148,922	158,727	

	2016	2017	2018	2019	2020	2021	6-Yr Total
Sewer sales		309,456	317,025	324,778	332,720	340,857	
Hookup fees	2.4%	70,000	70,000	70,000	70,000	70,000	
EDI grant and loan		0	0	0	0	0	
Interest		2,049	2,049	2,049	2,049	2,049	
<u>Total revenue</u>		578,830	510,347	525,112	553,692	571,633	
Expenditure							
Salaries & benefits		76,665	79,731	82,921	86,238	89,687	
Operations & maintenance	4.0%	60,490	62,909	65,426	68,043	70,764	
Everson treatment plant	4.0%	152,763	168,422	176,843	185,685	194,969	
WWTP Upgrade	5.0%	1,445,000					
EDI loan		0	35,000	35,000	35,000	35,000	
Sewer system CIP		125,000	36,000	16,000	20,000	20,000	
<u>Total expenditure</u>		1,729,643	382,062	376,189	394,965	410,420	
Annual operating results		-395,525	7,011	20,638	9,804	2,486	-431,636
Cumulative balance		197,324	128,285	148,922	158,727	161,213	