Chapter 9
Financial Program

9.1 Operating Income

As discussed in Chapter 2, since Eastern Washington University owns and operates all of its facilities, it currently does not bill any consumers. Looking at the gallons per square foot consumed at similar facility uses on campus, the new Washington State Archives Building and Washington State Patrol Crime Lab should consume approximately 175,000 gallons per month total. Based on the proposed water rate ($0.001/gal), this should generate revenue of about $2,100 per year. Obviously, this amount will not cover more than a very small percentage of operating expenses. The University typically relies on legislative budgets for funding of both operation and improvement to the water system as outlined in section 9.3.

9.2 Annual Operation and Maintenance Expenses

Employees who operate and maintain the water system have many other tasks to perform throughout the campus, not related to the water system. Therefore, salaries cannot be directly tracked as expenses. The Operation and Maintenance (O&M) portion of the overall utilities budget does not distinguish between water system O&M and other physical plant activities. Maintenance and electrical operation expenses cannot be directly charted. In Table 9.1, yearly electrical costs have been estimated based on the volume of water pumped and the corresponding power required.

<table>
<thead>
<tr>
<th>Year</th>
<th>Gallons</th>
<th>Electrical</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>111,876,463</td>
<td>$18,600</td>
</tr>
<tr>
<td>1998</td>
<td>138,815,038</td>
<td>$22,900</td>
</tr>
<tr>
<td>1999</td>
<td>139,550,413</td>
<td>$23,400</td>
</tr>
<tr>
<td>2000</td>
<td>142,229,479</td>
<td>$23,800</td>
</tr>
<tr>
<td>2001</td>
<td>142,107,966</td>
<td>$23,400</td>
</tr>
<tr>
<td>2002</td>
<td>129,847,509</td>
<td>$21,200</td>
</tr>
</tbody>
</table>

Table 9.2 summarizes water system related projects and the corresponding expenses that have been associated with them. Again, this table does not include minor maintenance tasks.
### Table 9.2
Recent Water System Expenses

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Reservoir Cleaning and Painting</td>
<td>Clean and paint</td>
<td>1998</td>
<td>$24,500</td>
</tr>
<tr>
<td>Playfield Irrigation System</td>
<td>Convert playfield to automatic controller system with area efficient irrigation heads and install approximately 200' of 6&quot; main</td>
<td>1998</td>
<td>$83,500</td>
</tr>
<tr>
<td>Isle and Dryden Main Replacement</td>
<td>Install approximately 500' of 6&quot; main</td>
<td>1999</td>
<td>$62,000</td>
</tr>
<tr>
<td>Woodward Field Waterline</td>
<td>Install approximately 600' of 6&quot; main</td>
<td>1999</td>
<td>$19,000</td>
</tr>
<tr>
<td>Building Meters Phase I &amp; Main Install</td>
<td>Install meters in first 31 major buildings and install approximately 1350' of 10&quot; main, convert Red Barn, Holter House and Anna Maria Apts from City to EWU water.</td>
<td>2001</td>
<td>$285,800</td>
</tr>
<tr>
<td>Building Meters Phase II</td>
<td>Install meters in remaining 14 major buildings</td>
<td>2002</td>
<td>$140,000</td>
</tr>
<tr>
<td>Water Reservoir Cleaning</td>
<td>Clean and inspect in service</td>
<td>2003</td>
<td>$4,200</td>
</tr>
<tr>
<td>Irrigation Controllers Upgrade</td>
<td>Upgrade automatic controllers on (17) systems, install automatic irrigation controllers on (38) loops.</td>
<td>2003</td>
<td>$119,000</td>
</tr>
<tr>
<td>Cross Connection Controls</td>
<td>Installed (80) new backflow assemblies, cleaned or repaired (19) backflow assemblies, replaced (37) backflow assemblies.</td>
<td>2003</td>
<td>$365,000</td>
</tr>
</tbody>
</table>

### 9.3 Revenue Plan for All Expenses

Eastern Washington University obtains funds for capital improvements and operation and maintenance from moneys appropriated by legislative action. Budget requests are prepared by staff in each department, submitted to the University's Presidents office, which in turn submits a finalized package to the Governor's office. Budget requests for the University's water operation and maintenance are included in the overall utilities operating budget. That portion of the budget is generally comprised of only those costs associated with electrical pumping costs and City water purchases. Costs anticipated for equipment, parts and labor associated with the water system are lumped together with the overall utilities operation and maintenance budget request. Operation and maintenance costs are funded by the state general fund. Any funds remaining in the utilities O&M budget at year-end are used for deferred maintenance. Capital improvement funds are typically secured from two possible sources:

Major Capital Improvements: Capital improvements over $1,000,000 must be itemized on a C100 form and submitted to the State Office of Financial Management as part of the biannual request for funds. If approved, funds are generated by the sale of State General Obligation Bonds.
Major capital improvements can be difficult to obtain, as they are specific line items in the University's biannual budget request. An example is the 1.1 MG reservoir project completed in 1989. That request required substantial effort and some political support to gain legislative approval. It was the first major capital improvement project dedicated to water system improvement to pass in many years.

**Minor Capital Improvements:** In order to create flexibility in the funding of minor projects and capital improvements (less than $1,000,000), the state legislature allocates moneys to a University managed minor work funds. Each biennium the University submits a list of minor capital improvement projects it intends to fund throughout the forthcoming budget period. The state legislature may fund all or part of this request. Once allocated, moneys in the capital improvement account may be used to fund the original list of projects, or unanticipated projects may arise. A University committee, comprised of the individuals associated with the University's budget process, oversees allocations associated with minor works funds. The committee determines which projects will be funded and which will not. It is this fund that will finance most campus water system improvements.

Table 9.3 lists intended improvements to the campus water system. The dates are speculative based on priorities. With the exception of the well refurbishment project, which has already been approved, the proposed projects will be initiated as funding is secured.

<table>
<thead>
<tr>
<th>Project</th>
<th>Priority</th>
<th>Description</th>
<th>Year</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Well #1 &amp; 2 Replacement</td>
<td>1</td>
<td>Drill replacement wells adjacent to existing source locations to bring withdrawal rate up to certificate capacity.</td>
<td>2003-2004</td>
<td>$1,962,000</td>
</tr>
<tr>
<td>Kingston Hall to Isle Hall Main Install</td>
<td>3</td>
<td>Install 10&quot; PVC water main from Kingston to Isle and connect Indian Ed. Center.</td>
<td>2005</td>
<td>$200,000</td>
</tr>
<tr>
<td>Patterson-JFK Main Replace</td>
<td>4</td>
<td>Replace ~750' steel water main with 8&quot; PVC</td>
<td>2007</td>
<td>$100,000</td>
</tr>
<tr>
<td>Water Reservoir Cleaning</td>
<td>2</td>
<td>Clean and inspect reservoir in service</td>
<td>2008, 2013, 2018</td>
<td>$10,000, $5,000, $15,000</td>
</tr>
<tr>
<td>ROTC Main Replace</td>
<td>5</td>
<td>Replace ~1100' steel water main with 8&quot; PVC</td>
<td>2009</td>
<td>$100,000</td>
</tr>
<tr>
<td>Hydrant Project</td>
<td>6</td>
<td>Fire protection evaluation and hydrant upgrade</td>
<td>2009</td>
<td>$75,000</td>
</tr>
<tr>
<td>Water Reservoir Painting</td>
<td>7</td>
<td>Recoil reservoir</td>
<td>2018</td>
<td>$50,000</td>
</tr>
</tbody>
</table>