

# Lake Stevens Sewer District

2017 BUDGET ADOPTED  
VERSUS NEW FORECAST

MARCH 2017



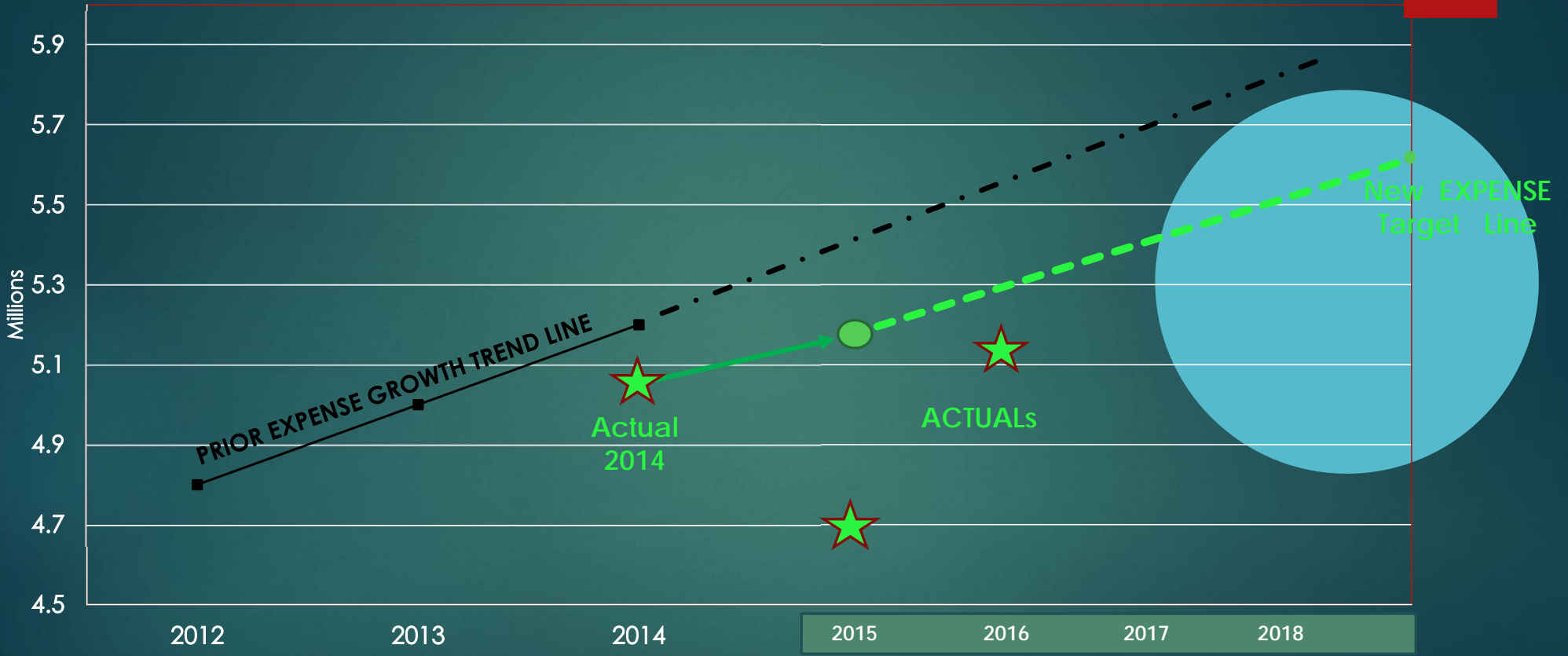
# ASSUMPTIONS IN 2017 Budget

- ❑ 130 EQUIVALENT DWELLING UNITS (ERU) OF GROWTH
  - ❑ Connection fees.
  - ❑ Rate-payers.
- ❑ RATE INCREASE FROM \$83.00 PER MONTH TO \$86.00.
- ❑ NO STEP INCREASES FOR EMPLOYEES.
- ❑ 10% INCREASE IN MED/DENTAL/VISION COSTS.
- ❑ CAPITAL PROJECTS FOR “CAPACITY” IN LIFT STATIONS OR COLLECTION LINES....
  - ❑ Pending draft DEAs coming in.
  - ❑ Downtown Subarea Plan
  - ❑ Annexations.

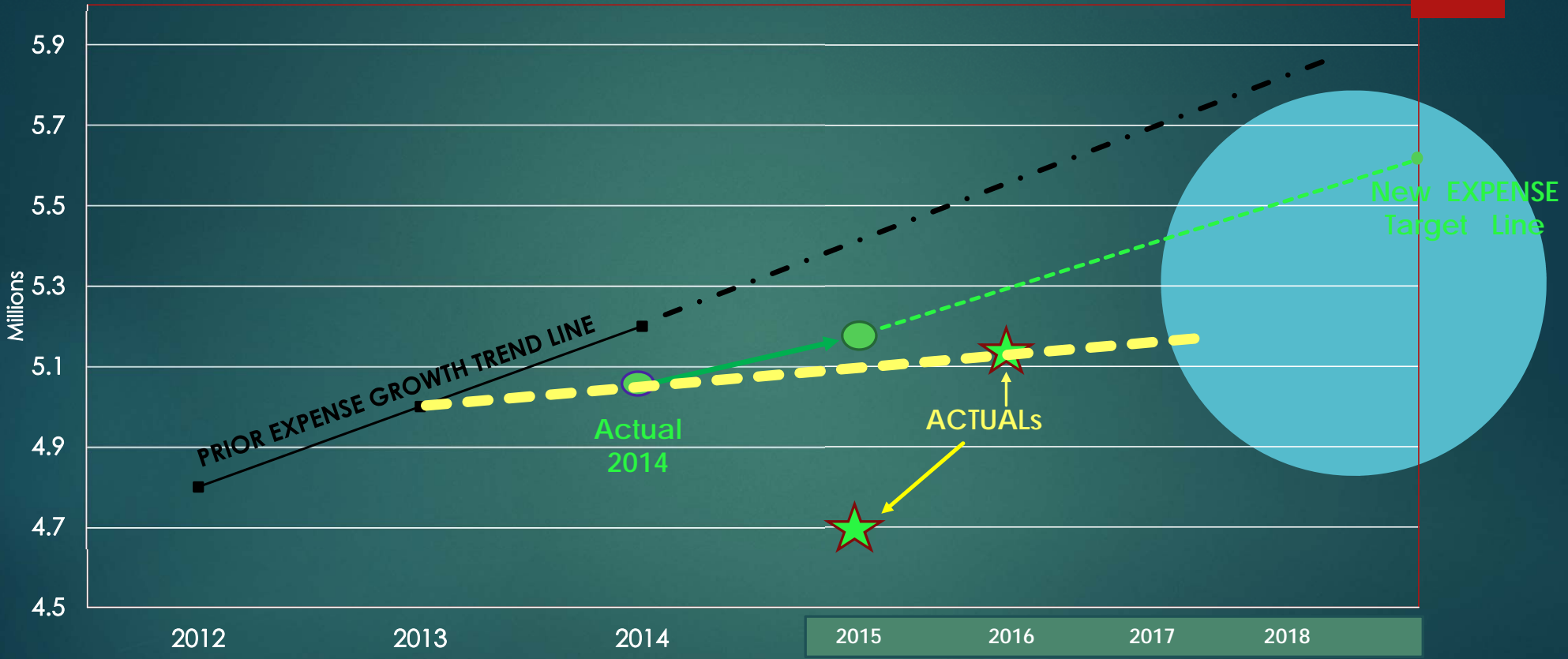
# 2017 Sewer District Budget

- **\$1.23. MILLION OF CAPITAL EXPENSES (SCHED. 5)**
  - **Old Treatment Plant Lagoon partial clean up.**
  - **Collections piping repairs and minor lift station equipment.**
  - **L.S. SCADA upgrades and LEAP system at Plant.**
  - **Decant Facility ‘business case’ and design work.**
  - **Carry over 2016 projects (LS #17 to SW Interceptor)**
- **DEBT SERVICE REMAINS HIGH**
  - **\$9.42 Million before B.A.B federal credits.**
  - **Still pursuing repayment alternatives with State PW Board.**

# Expenses: Targets vs. Expenses – Update 3/17



# Expenses: Targets vs. Expenses – Update 3/17



# LETTER TO CUSTOMERS DEC 2015 & NOV 2016:

|                                | New Rate | Rates Forecasted |         |
|--------------------------------|----------|------------------|---------|
| 2015                           | 2016     | 2017             | 2018    |
| \$80.00                        | \$83.00  | \$86.00          | \$89.00 |
| Sewer Rates per home per Month |          |                  |         |



# Scenario 1: Commissioners Packet @ 130 ERUS per year [NOV 2016]

|                   | 2017     | 2018     | 2019     | 2020     | 2021    | 2022      | 2023      | 2024    | 2025     |
|-------------------|----------|----------|----------|----------|---------|-----------|-----------|---------|----------|
| <b>RATE</b>       | \$86.00  | \$89.00  | \$92.00  | \$92.00  | \$92.00 | \$95.00   | \$95.00   | \$95.00 | \$95.00  |
| <b>Stab. Fund</b> | \$6.95 M | \$5.62 M | \$4.70 M | \$3.76 M | \$2.93M | \$2.42M   | \$2.24M   | \$1.93M | \$1.47 M |
| <b>Capital \$</b> | \$7.44M  | \$4.65M  | \$4.46M  | \$3.87M  | \$1.33M | (\$0.43M) | (\$0.65M) | \$0.36M | \$1.37M  |

Balances are Too Low

# Scenario 2: 10-year forecast @179 ERU/year [NOV 2016]

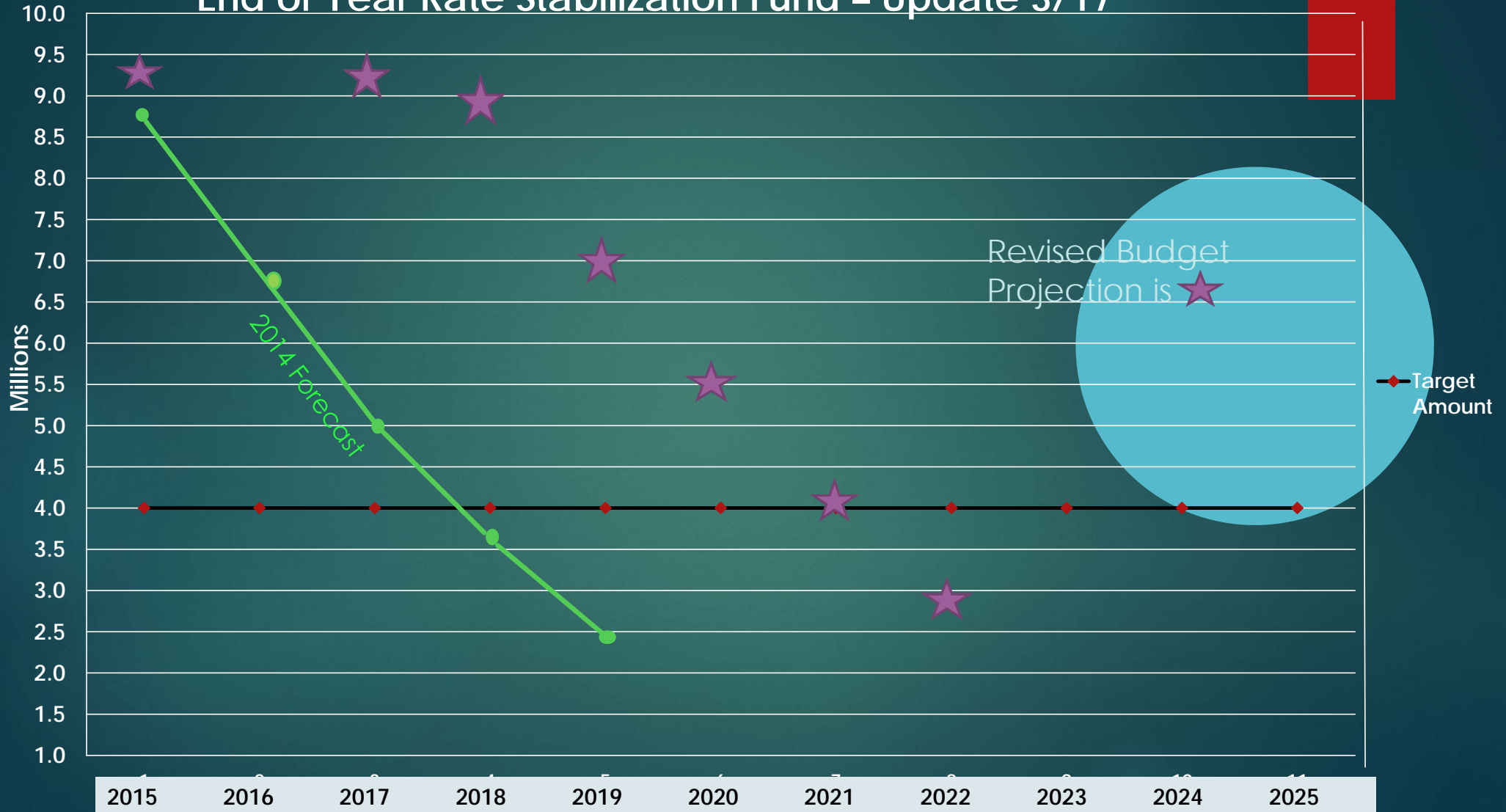
|                   | 2017    | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    | 2024     | 2025    |
|-------------------|---------|---------|---------|---------|---------|---------|---------|----------|---------|
| <b>RATE</b>       | \$86.00 | \$89.00 | \$92.00 | \$92.00 | \$92.00 | \$95.00 | \$95.00 | \$95.00  | \$95.00 |
| <b>Stab. Fund</b> | \$6.95M | \$5.67M | \$4.87M | \$4.08M | \$3.46M | \$3.24M | \$3.39M | \$3.475M | \$3.46M |
| <b>Capital \$</b> | \$7.86M | \$5.48M | \$5.71M | \$5.54M | \$3.42M | \$2.07M | \$2.26M | \$3.69M  | \$5.11M |



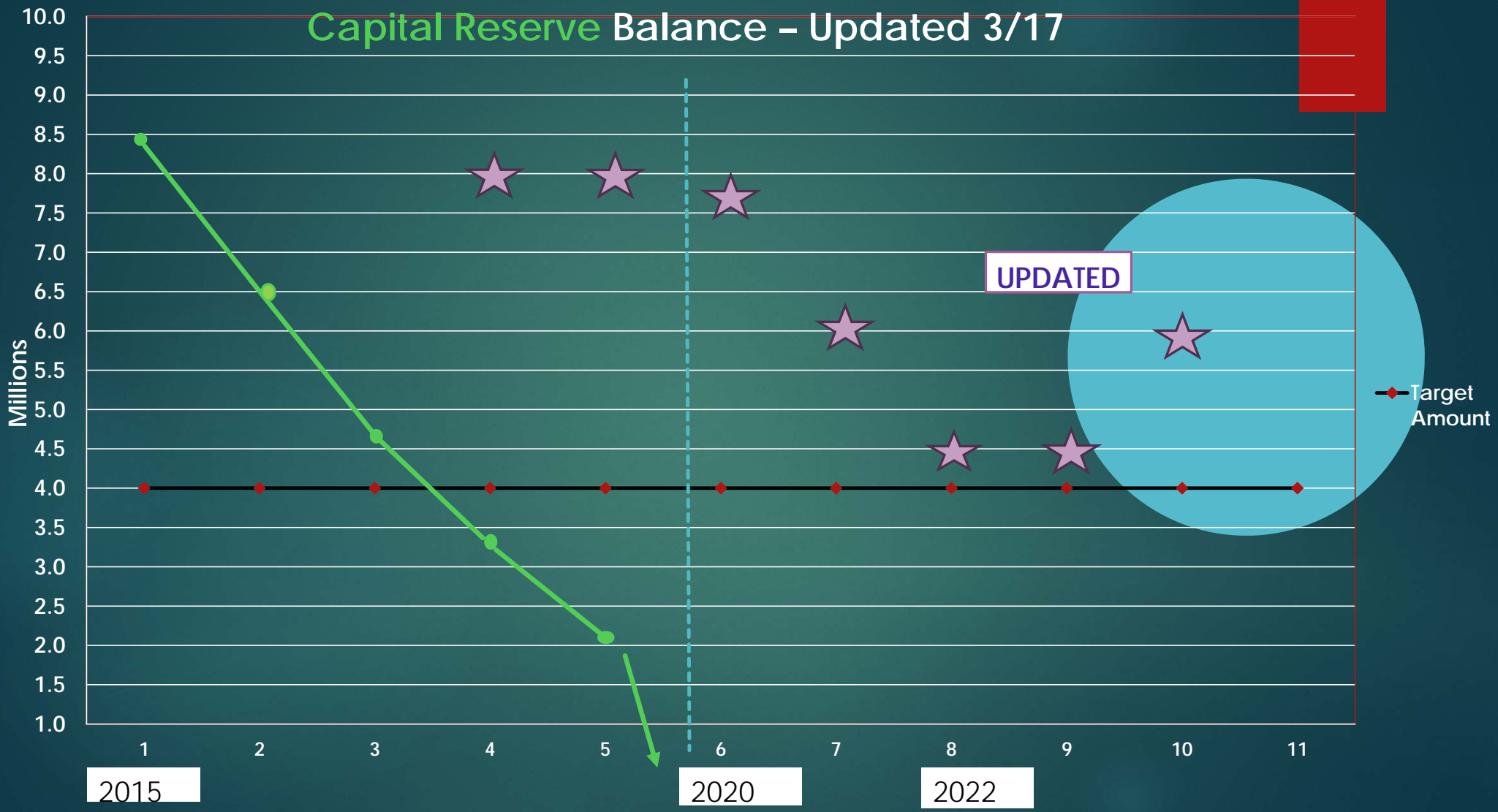
# Updated Forecasts:

- ASSUME 179 ERU/YEAR.
- PWTF LOAN MODIFICATION (DEBT PAYMENT \$500K LOWER)
- CARRYOVER BALANCES FROM 2016 END OF YEAR.
- IS IT POSSIBLE TO ROLL RATE BACK TO \$83.00/MONTH ?

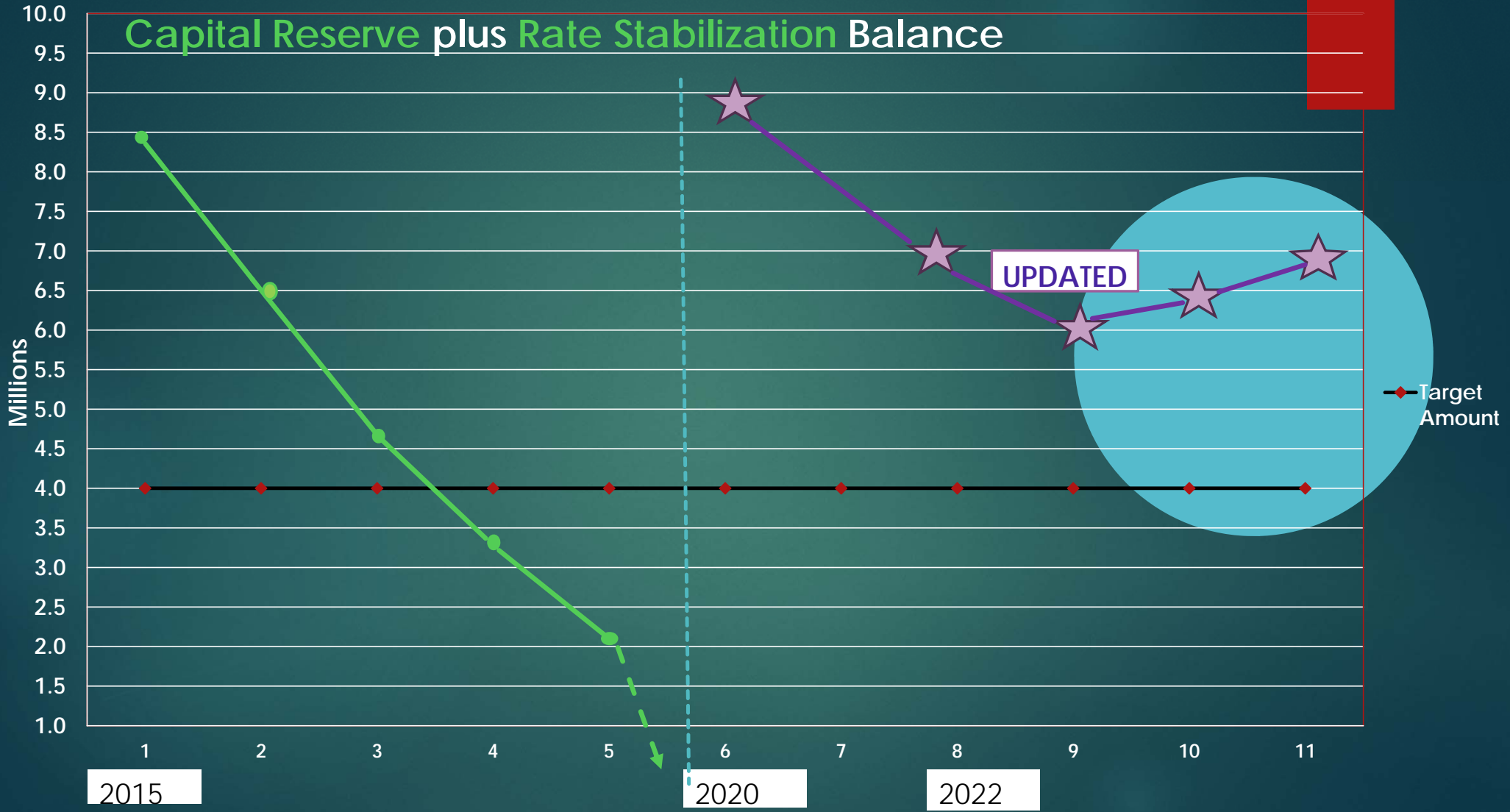
# End of Year Rate Stabilization Fund – Update 3/17



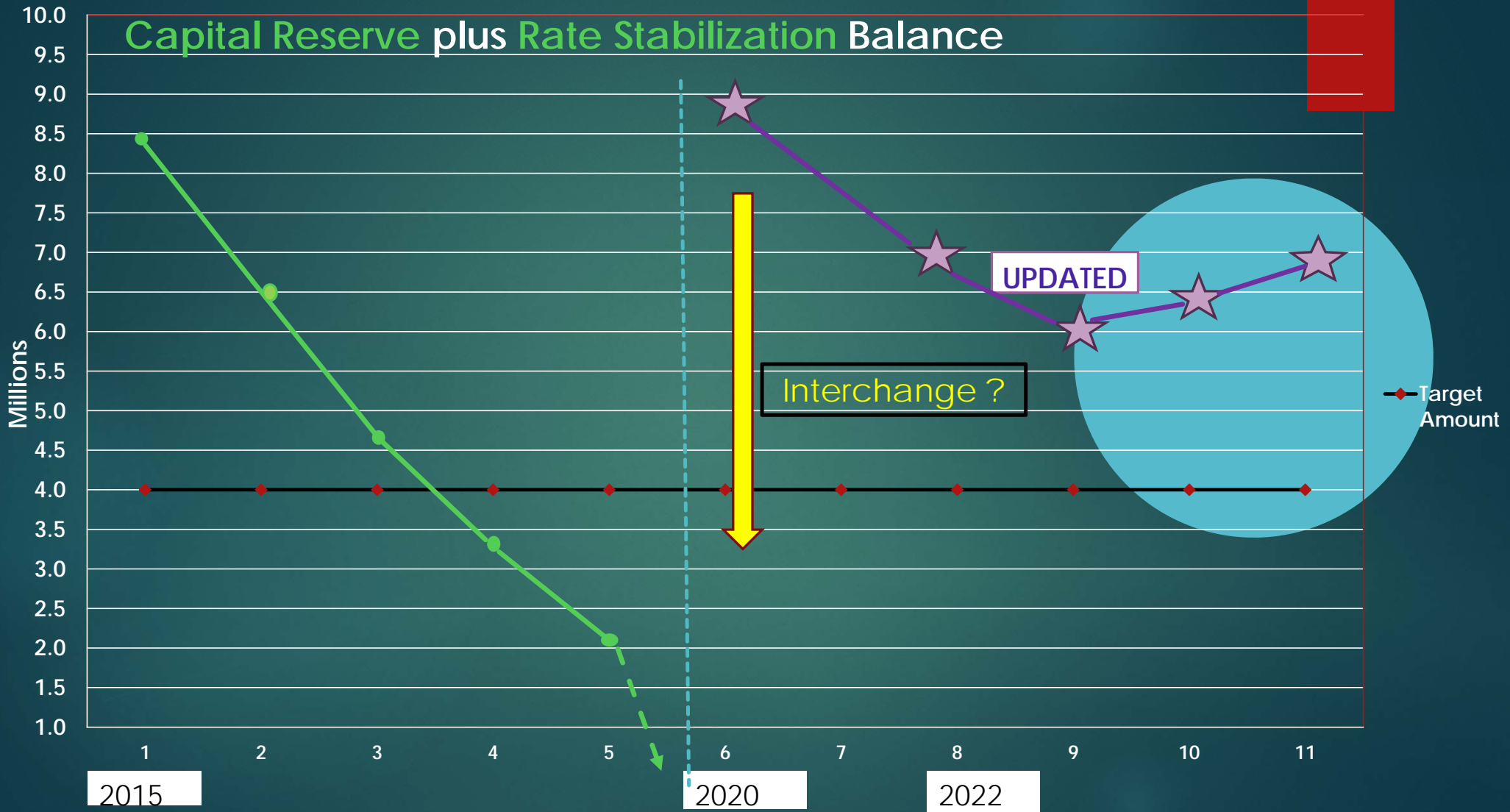
# Capital Reserve Balance - Updated 3/17



# Capital Reserve plus Rate Stabilization Balance



# Capital Reserve plus Rate Stabilization Balance



# But need to be careful:

## MAJOR ACTION ITEMS TO COMPLETE VIA 5 YEAR 2015-2019 GOALS

- ❑ FINALIZE PERSONNEL POLICY, NEW JDS, UNION NEG & COMPENSATION PLAN.
- ❑ COMPLETE OLD PLANT CLOSURE, DECOMMISSIONING, TRANSFER.
- ❑ STEWARDSHIP OF O&M: ASSET MANAGEMENT, CCTV, VACTOR, I&I REPAIRS..
- ❑ PRE-TREATMENT PROGRAM.
- ❑ EVALUATE RATE MODIFICATIONS, REGIONAL GFCS, REDUCE LATECOMER BASINS.

CHANGE MANAGEMENT: 3 YEARS TO MODIFY DIRECTION AND  
TYPICALLY 5 YEARS TO INSTITUTIONALIZE CHANGE.



| <b>SINGLE FAMILY HOME</b>                |                  |                      |                   |
|--|------------------|----------------------|-------------------|
| <b>MONTHLY RESIDENTIAL SEWER CHARGES</b> |                  |                      |                   |
| <b>CITY</b>                              | <b>Base Rate</b> | <b>Volume Charge</b> | <b>Total Bill</b> |
| Monroe                                   | \$94.51          | n/a                  | \$94.51           |
| Snohomish                                | \$61.10          | \$28.90              | \$90.00           |
| Lake Stevens                             | \$83.00          | n/a                  | \$83.00           |
| Arlington                                | \$70.15          | n/a                  | \$70.15           |
| Marysville                               | \$42.25          | n/a                  | \$42.25           |
| Mary. (Rural)                            | \$63.38          | n/a                  | \$63.38           |
| Mary. (Out UGA)                          | \$83.50          | n/a                  | \$83.50           |
| Everett *                                | \$65.70          | n/a                  | \$65.70           |

\* Everett rates rising annually to **\$77.11** in year 2020.  
includes increases in stormwater rate as well.

# About Growth:

## COMMERCIAL SEWER USE

### Lake Stevens Sewer District

| <u>Year</u> | <u>No. of ERUs</u> | <u>Revenue</u> | <u>Percent Total Rev.</u> |
|-------------|--------------------|----------------|---------------------------|
| 2010        | 642                | \$462,101.00   | 5.82                      |
| 2011        | 636                | \$498,026.00   | 5.67                      |
| 2012        | 662                | \$554,715.00   | 5.76                      |
| 2013        | 636                | \$571,984.00   | 5.41                      |
| 2014        | 663                | \$612,517.00   | 5.57                      |
| 2015        | 660                | \$633,124.00   | 5.47                      |
| 2016        | 624                | \$621,378.00   | 5.01                      |

NOTE: Average = 646 ERU/year

## District Comprehensive Plan (City/County Growth Plan)

- ❑ 250 ERU/YEAR OF RESIDENTIAL GROWTH
- ❑ 30-35 ERU/YEAR OF COMMERCIAL GROWTH
- ❑ *BUT DISTRICT PLANNED, FINANCIALLY, FOR ONLY 179 ERU PER YEAR*

# Commercial Sewer Rates?

| <b>BUSINESS: 700 CU FT Water per Month</b> |                  |                      |                   |
|--|------------------|----------------------|-------------------|
| <b>MONTHLY COMMERCIAL SEWER CHARGES</b>    |                  |                      |                   |
| <b>CITY</b>                                | <b>Base Rate</b> | <b>Volume Charge</b> | <b>Total Bill</b> |
| Monroe                                     | \$94.51          | n/a                  | \$94.51           |
| Snohomish *                                | \$161.76         | n/a                  | \$161.76          |
| (1-inch meter)                             |                  |                      |                   |
| Lake Stevens                               | \$86.00          | n/a                  | \$86.00           |
| Arlington                                  | \$70.15          | \$29.00              | \$99.15           |
| Marysville                                 | \$42.25          | \$1.77-\$12.93       | varies            |
| Mary. (Rural)                              | \$63.38          | (BOD/TSS Charge)     | varies            |
| Mary. (Out UGA)                            | \$83.50          |                      | varies            |
| * Snohomish                                | (Outside City)   | n/a                  | Add 50%           |



No 2018 Rate Increases Needed.

Option to Lower rates back to \$83/mo.

Recommendations from Committee...  
further concern/questions of Staff ?

# Lake Stevens Sewer District

2017 – 2025 FINANCIAL  
FORECAST ...

