



6.B2

Wastewater Financial Planning City of Stevenson

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Utility Financial Planning Summary

- Sustainable utilities
- Financial planning
- Six-year utility outlook
- Chapter 10 Financial Program in Sewer Plan
- Tonight – Financial plan to fund CIP and O&M recommendations in General Sewer Plan
- October – Refined draft six-year rates for Council action

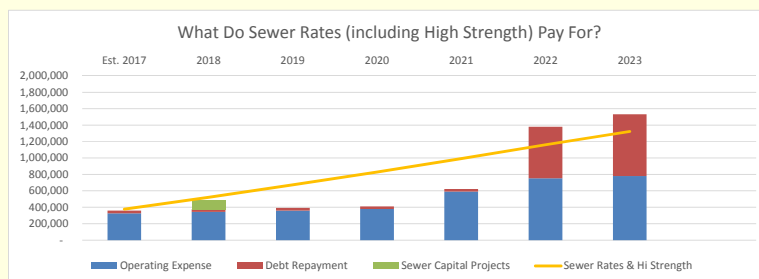


Six-Year Financial Outlook

- Begin with 2017 budget
- Conservative assumptions:
 - New homes per year = 25
 - General cost escalation = 3% per year
 - Current residential rate = \$29.95
 - Connection fee = \$2,800, assumed to be \$4,700 in 2018
 - New High Strength Surcharge, assumed low amount
- WWTP improvements
 - Construction costs, financing package & operations
- Estimated impact on rates



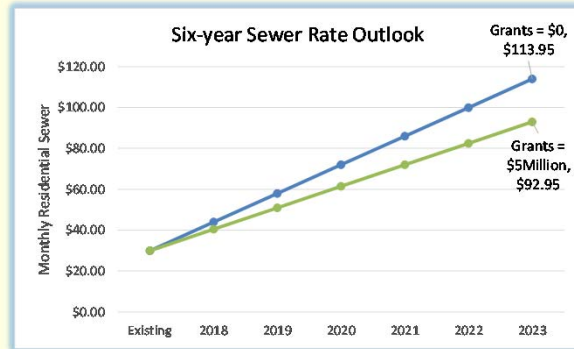
Six-Year Rate Outlook



- Capital improvements are funded by new debt
- Increased O&M steps up in 2021-2022
- Debt repayment jumps in 2022-2023
- Plan is to ramp rates up with a series of steps
- Plan to add New High Strength Surcharge



Six-Year Rate Outlook



- Begin with worst case and whittle down
- Scenario C = no grants, 2023 rate \$113.95/month
- Scenario D = \$5 million grants, 2023 rate \$92.95/month
- Scenario E, F = ?



What are Neighbors Paying in 2017?

Jurisdiction	Monthly Sewer	Connection Charge
Stevenson	\$29.95	\$2,800
Bingen	\$46.00	\$2,000
Goldendale	\$31.50	\$2,000
North Benneville	\$46.56	\$4,500
Washougal	\$54.25	\$5,620

- Typically those with recent plant upgrades have the highest rates, and those that are next to upgrade have the lowest rates



Hardship & Affordability

- Ecology measures community affordability with median household income
- If sewer costs > \$68 a month, funding program provide assistance such as grants, lower interest rate on borrowed funds
- Both USDA-Rural Development and Ecology recognize hardship and provide assistance
- Some communities have low-income senior citizen rates



How Can We Improve the Outlook?

- Secure more than \$5 Million in grants
- High Strength Surcharge is implemented
- System Development Charges are updated
- Better financing package (year to repay, interest)
- Construction costs come in lower
- Lower O&M costs when plant is operational
- More than 25 new equivalent residential units per year



New: Commercial Strength Categories

Strength Category	BOD Strength	Types of Typical Users
Low	< 300 mg/L	Public Facilities, Hotel / Motel w/o Restaurant, General Retail, Office Space, Industrial w/o Process Discharge
Medium	301 - 600 mg/L	Hotel / Motel with Restaurant, School with Cafeteria, Laundromat, Nursing Home, Hospital
High	600 - 2,000 mg/L	Grocery Store, Bakery, Restaurant, Coffee Shop
Very High	> 2,000 mg/L	Food Production, Brewery, Distillery, Cider Production, Dairy, Industrial with Process Discharge
Residential	Typical <300 mg/L	Single and multi-family residences

- Reviewed similar rate structures, developed to meet Stevenson users
- Non-residential customers assigned to a strength category by type of use
- New high-strength surcharge to be added to sewer base & volume rates



New: High Strength Surcharge

- Based on 2018 and 2021
 - Costs for treatment plant (O&M, debt)
 - Non-residential ERUs, BOD by strength category
- Allocated costs by strength category:
 - 1. Between flow & BOD
 - 2. BOD costs between standard BOD & high strength BOD
- Stepped rates up from 2018-2021
- Surcharge is in addition to base & volume rates paid by all sewer customers



Next Steps

- By October 2017
 - Update known changes (cost?, SDC, high-strength)
 - Revise six-year outlook
 - Proposed rate ordinance to Council
- Monitoring the Financial Plan
 - Track grants, capital costs, financing package
 - Update outlook & allocations in 2021-2023 when information is known
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