



City of Stevenson

Leana Johnson, City Administrator

Phone (509)427-5970
FAX (509) 427-8202

7121 E Loop Road, PO Box 371
Stevenson, Washington 98648

To: Stevenson City Council
From: Leana Johnson, City Administrator
RE: Water Rates
Meeting Date: October 19, 2017

Executive Summary:

The City of Stevenson is updating its water system plan which outlines capital projects for the next twenty years. Most of the projects outlined in the next 10 years are to improve resiliency or to replace undersized pipe for fire flow. There are also projects not in the plan that need to take place to replace old pipe, such as School St. and Russel Dr. South. The costs for these projects should be covered through the rate structure rather than system development charges as they deal with current system needs and are not adding to the service area growth. Operating costs include current draft 2018 budget projections and an annual 3% increase. Based on these assumptions, the water base fee rate increases proposed are 25% for the next two years and then 3% each year thereafter.

Analysis:

Revenue Requirements	Projected Y-E		Projected				
	2017	2018	2019	2020	2021	2022	2023
Revenues							
Rate Revenues under Existing Rates	\$ 520,000	\$ 530,400	\$ 541,008	\$ 551,828	\$ 562,865	\$ 574,122	\$ 585,604
Non-Rate Revenues	14,365	17,000	17,000	17,000	17,000	17,000	17,000
Total Revenues	\$ 534,365	\$ 547,400	\$ 558,008	\$ 568,828	\$ 579,865	\$ 591,122	\$ 602,604
Expenses							
Cash Operating Expenses	\$ 489,000	\$ 512,000	\$ 527,000	\$ 542,000	\$ 559,000	\$ 575,000	\$ 593,000
Existing Debt Service	24,437	24,320	24,204	24,088	23,971	23,855	23,738
New Debt Service				15,289	15,289	15,289	56,692
Rate-Funded System Reinvestment		125,000	195,000	200,000	200,000	200,000	200,000
Total Expenses	\$ 513,437	\$ 661,320	\$ 746,204	\$ 781,377	\$ 798,260	\$ 814,144	\$ 873,430
Annual Surplus/(Deficiency)	\$ 20,928	\$(113,920)	\$(188,196)	\$(212,549)	\$(218,395)	\$(223,022)	\$(270,826)
Net Revenue from Rate Increase		127,100	203,992	215,522	227,505	239,878	242,396
Net Surplus/(Deficiency)	\$ 20,928	\$ 13,180	\$ 15,796	\$ 2,973	\$ 9,110	\$ 16,856	\$ (28,430)
Annual Rate Adjustment		25%	25%	3%	3%	3%	3%
Cumulative Rate Adjustment		25%	56%	61%	66%	71%	76%

Capital Funding		2018	2019	2020	2021	2022	2023	2018-2023 CIP	2018-2037 Total CIP
CIP 2018-2037									
Water Treatment Plant		100,000						100,000	100,000
Telemetry/SCADA Improvements	5,000	300,000						305,000	305,000
Hegewald Well							50,000	50,000	50,000
New Groundwater Source Study								-	250,000
Base Reservoir Roof	50,000							50,000	50,000
Base Reservoir Condition Assessment	20,000							20,000	20,000
Church Reservoir Transmission				381,000				381,000	381,000
Russel Dr. South	50,000							50,000	50,000
SW Atwell Rd							263,000	263,000	263,000
Rock Creek Drive								-	375,000
Frank Johns PRV						157,000		157,000	157,000
Frank Johns North						237,000		237,000	237,000
Frank Johns South						283,000		283,000	283,000
NE Major St								-	132,000
School St. Waterline Replacement		250,000						250,000	250,000
Water System Plan Update								-	150,000
SR-14 East								-	1,142,000
SR-14 West								-	937,000
Rock Creek PRV Relocation								-	100,000
West-End Looping								-	657,000
Maple Way East								-	580,000
Maple Way West								-	412,000
Zone 4 Predesign								-	75,000
Zone 4 Improvements								-	4,038,000
Total Capital Projects		125,000	650,000	-	381,000	677,000	313,000	2,146,000	10,994,000
Projected Capital Cash Flow									
Water SDC/Capital Fund Beginning Balance									
Water SDC/Capital Fund Beginning Balance	306,000	385,000	259,000	538,000	715,000	436,000	715,000	306,000	306,000
SDC Revenue	77,000	77,000	77,000	77,000	77,000	77,000	77,000	462,000	1,155,000
Rate-Funded System Reinvestment	125,000	195,000	200,000	200,000	200,000	200,000	200,000	1,120,000	4,870,000
Interest Earnings	2,000	2,000	2,000	2,000	2,000	2,000	2,000	12,000	42,000
Debt Proceeds		250,000				677,000		927,000	4,927,000
CIP Costs	(125,000)	(650,000)	-	(381,000)	(677,000)	(313,000)	(313,000)	(2,146,000)	(10,994,000)
Ending Balance	385,000	259,000	538,000	436,000	715,000	681,000	681,000	681,000	306,000

Projected Rates:

Meter Size	Current		2018		2019		2020		2021	
	In	Out	In	Out	In	Out	In	Out	In	Out
Up to ¾"	19.50	28.75	24.38	35.94	30.48	44.93	31.39	46.28	32.33	47.67
1"	32.00	54.50	40.00	68.13	50.00	85.16	51.50	87.71	53.05	90.34
1 ½"	77.25	111.25	96.56	139.06	120.70	173.83	124.32	179.04	128.05	184.41
2"	149.00	215.25	186.25	269.06	232.81	336.33	239.79	346.42	246.98	356.81
3"	267.75	388.50	334.69	485.63	418.36	607.04	430.91	625.25	443.84	644.01
4"	321.25	467.25	401.56	584.06	501.95	730.08	517.01	751.98	532.52	774.54
6"	855.75	1,239.00	1,069.69	1,548.75	1,337.11	1,935.94	1,377.22	1,994.02	1,418.54	2,053.84

Comparison of nearby cities and those of similar size in Washington State:

City	Base	Rate			Measurement
		Tier 1	Tier 2	Tier 3	
Hood River	37.18	2.30			Per 1,000 gallon
White Salmon	43.08	1.03	2.06	3.09	Per 1,000 gallon
Bingen	32.80	1.85	3.10	4.64	Per 1,000 gallon
Leavenworth	59.24	0.85	1.86	2.31	Per 1,000 gallon
Cascade Locks	11.38	2.50			Per 1,000 gallon
Washougal	21.71	4.63	4.89	5.90	Per 100 cf
Goldendale	27.60	0.95			Per 100 cf
Carson	33.28	2.66	2.93	3.19	Per 100 cf
Waitsburg	36.60	0.65			Per 100 cf
North Bonneville	25.12	1.85			Per 100 cf
Stevenson-Proposed	24.38	0.039			Per 1 cf