



Mason County Public Works Utility Rate Review Beards Cove

PRESENTED BY MASON COUNTY PUBLIC WORKS

About the Beards Cove Community

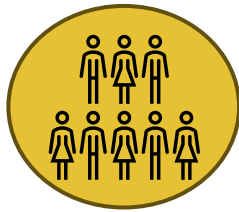


- Beards Cove is a residential neighborhood with 521 residential lots
- 474 water system customers
- Approved for 522 connections
- ~21,000 of AC pipe and 11,400 of PVC pipe
- 400,000 gallon reservoir
- 3 wells currently provide drinking water and fire protection

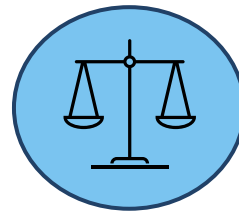
Objectives & Considerations

- Provide sufficient revenue and financial stability to fund the projected operating and anticipated Capital expenditures.
- Meet the County's reserve fund targets:
 - Operating reserves
 - Capital reserves
- Rate payer equity:
 - Each customer/ERU class pays their proportionate share of expenses.
- Ratepayer "affordability" as a percent Median Household Income

Sewer Utility Overview



CUSTOMERS
474



OPERATING
BUDGET
\$355,731



10-YEAR
CAPITAL
\$3,376,528

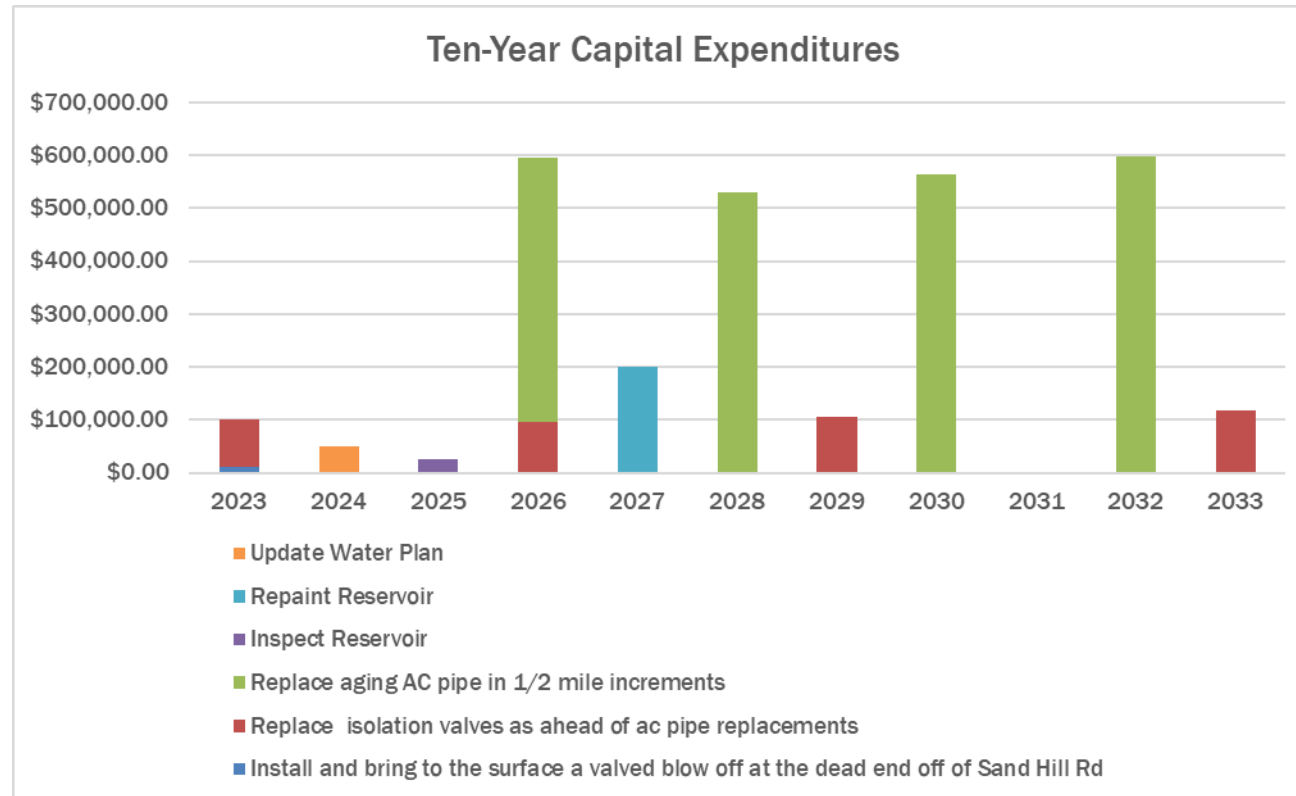
What It Costs to Operate Your Utility

In 2024, budgeted expenses are \$355,731.

- 46% operating cost (labor, professional services, supplies)
- 52% system improvements (capitalized)
- 2% debt (USDA meters)

The equitable annual proportion of each Beards Cove water customer today would be about \$751 a year or \$62.54 per month.

Ten Year Capital Expenditures



Affordability

Most drinking water grant/loan programs use an “affordability” index of 2.5% of the Median Household Income (MHI).

The 2021 MHI of \$4945/month for this census tract is used to calculate.

“Affordability” rate = \$123.63

Rate to operate the system = \$62.54 (assumes no tiers)

Current rate = \$44.32

Equivalent Residential Units (ERU):



What is an ERU?

It's the daily average usage of water or wastewater of a typical single family residential unit.



For water, an ERU is estimated at 185 gallons per day or 5550 gallons per month. This translates to about 700 cubic feet per month.



For wastewater, an ERU is estimated at 147 gallons per day or 4410 gallons per month. This translates to about 600 cubic feet per month.



The Beards Cove community has 474 water ERU's.

Water Rate Scenario #1

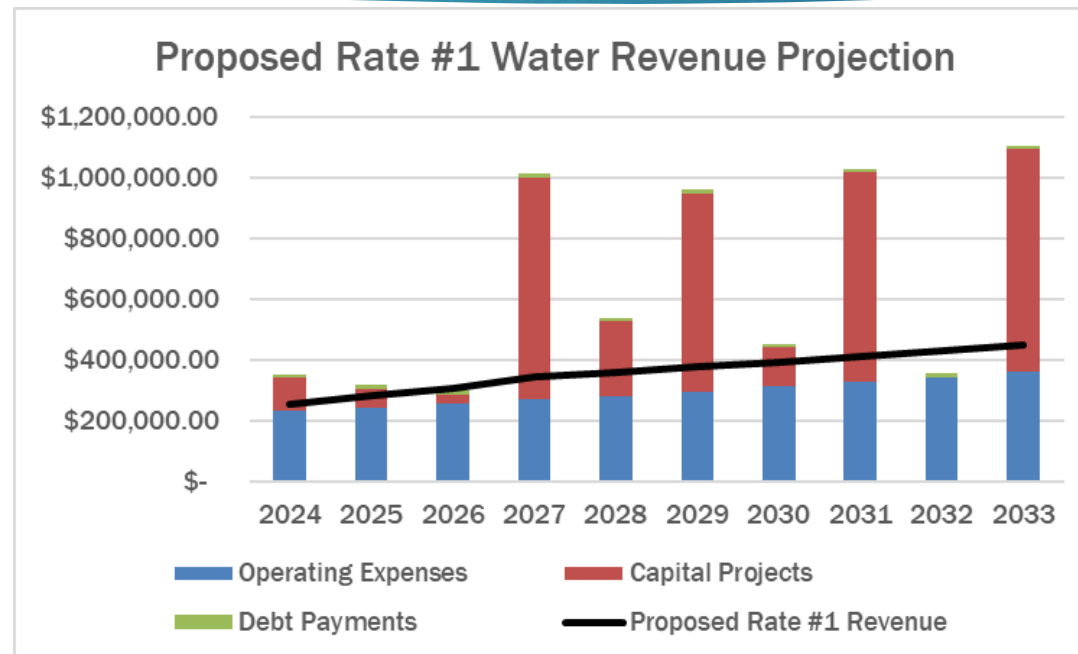
Proposed Monthly Water Rate	2024	2025	2026	2027	2028
Basic Water Rate (up to 700 CF)	\$ 49.23	\$ 51.69	\$ 54.28	\$ 56.99	\$ 59.84
Tier 1 Water Rate (701 to 1200 CF)*	\$ 2.50	\$ 2.50	\$ 3.75	\$ 5.00	\$ 5.00
Tier 2 Water Rate (above 1201 CF)*	\$ 4.00	\$ 4.00	\$ 6.00	\$ 7.50	\$ 7.50

* Per 100 CF

In proposed water rate #1:

- The mid-year Basic Rate water increase would restore the rate to support the cash flow needed to support financial needs.
- A review of water use consumption by customer saw nearly 61% of customers utilized less than 700 CF, option #1 proposes a lower Basic Rate with higher Tier 1 & Tier 2 rates.
- Tiered water pricing is a critical tool to encourage conservation and to recoup expenses that high usage customers place on the aging system.

Ten Year Revenue vs Expenses Projection



Revenues at proposed rate #1 cover projected operating expenses but not future capital costs.

- Annual revenue shortfalls to be covered by annual rate increases.
- This proposed rate requires Public Work's staff working to secure more than \$2.1 million in Grants or other funding opportunities for future Capital Improvements.

Water Rate Scenario #2

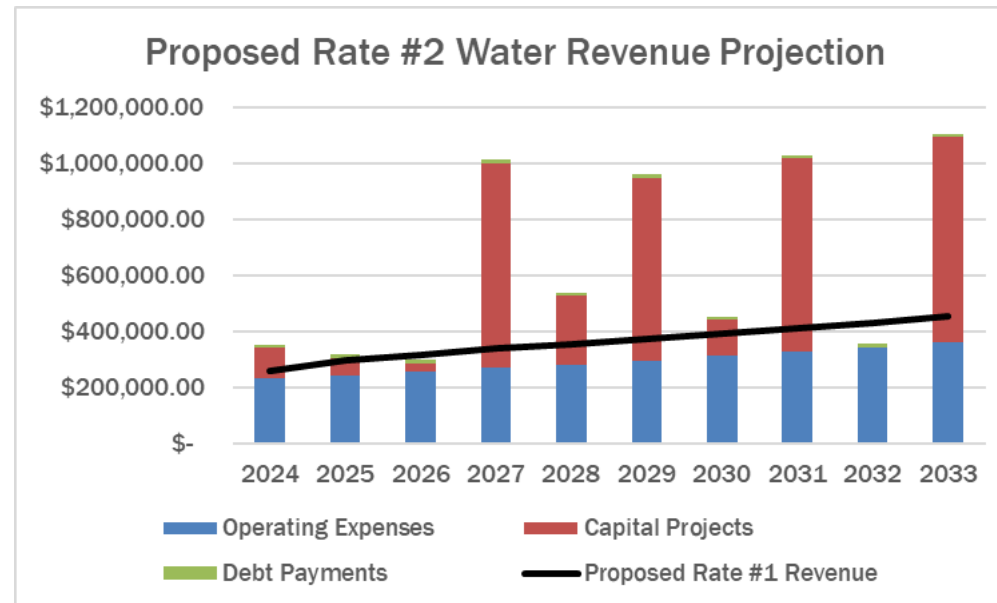
Proposed Monthly Water Rate	2024	2025	2026	2027	2028
Basic Water Rate (up to 700 CF)	\$ 53.66	\$ 56.34	\$ 59.16	\$ 62.12	\$ 65.22
Tier 1 Water Rate (701 to 1200 CF)*	\$ 1.25	\$ 1.25	\$ 1.88	\$ 2.50	\$ 2.50
Tier 2 Water Rate (above 1201 CF)*	\$ 2.50	\$ 2.50	\$ 3.75	\$ 4.69	\$ 4.69

* Per 100 CF

In proposed water rate #2:

- The mid-year Basic Rate water increase would increase Basic Rate 9% over proposed rate #1 to support the cash flow needed to support financial needs.
- A review of water use consumption by customer saw nearly 61% of customers utilized less than 700 CF, option #2 proposes a higher Basic Rate with lower Tier 1 & Tier 2 rates.
- Tiered water pricing is a critical tool to encourage conservation and to recoup expenses that high usage customers place on the aging system.

Ten Year Revenue vs Expenses Projection



Revenues at proposed rate #2 cover projected operating expenses but not future capital costs.

- Annual revenue shortfalls to be covered by annual rate increases.
- This proposed rate requires Public Work's staff working to secure more than \$2.1 million in Grants or other funding opportunities for future Capital Improvements.

Other Revenue Opportunities:



GRANTS



COUNTY SUPPORT



LOANS



Mason County Commissioners and staff work hard to multiply your tax dollars.

Do you have additional questions?

Public Hearing April 23, 2024 @ 9:15 am
email testimony to msmith@masoncountywa.gov

Loretta Swanson, Director (360) 427-9670 Ext 769

Richard Dickinson, Dep. Director (360) 427-9670 Ext 652

Stephanie Buhrman, Finance Manager (360) 427-9670 Ext 388

[Mason County Utilities and Waste Management](#)