



Mason County Public Works Utility Rate Review Rustlewood Sewer

PRESENTED BY MASON COUNTY PUBLIC WORKS

About the Rustlewood Community



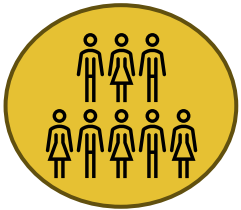
- Rustlewood is a community of 167 lots
- There are currently 156 sewer connections



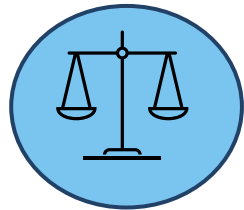
Objectives & Considerations

- 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



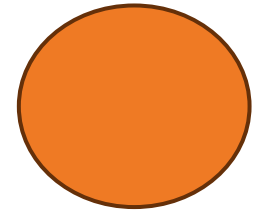
CUSTOMERS
156



OPERATING
BUDGET
\$500,978



10-YEAR
CAPITAL
\$557,849



ANNUAL
ERU
\$221,177

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 Rustlewood community has 156 wastewater/sewer ERU's.

Affordability

Most wastewater water grant/loan programs use an “affordability” index of 2% of the Median Household Income (MHI).

The 2021 MHI of \$5527/month is used to calculate.

“Affordability” rate = \$110.54

Rate to operate the system = \$251.00 (Ops, CIP, Debt)

Current rate = \$118.15

Other Revenue Opportunities:



GRANTS



COUNTY SUPPORT

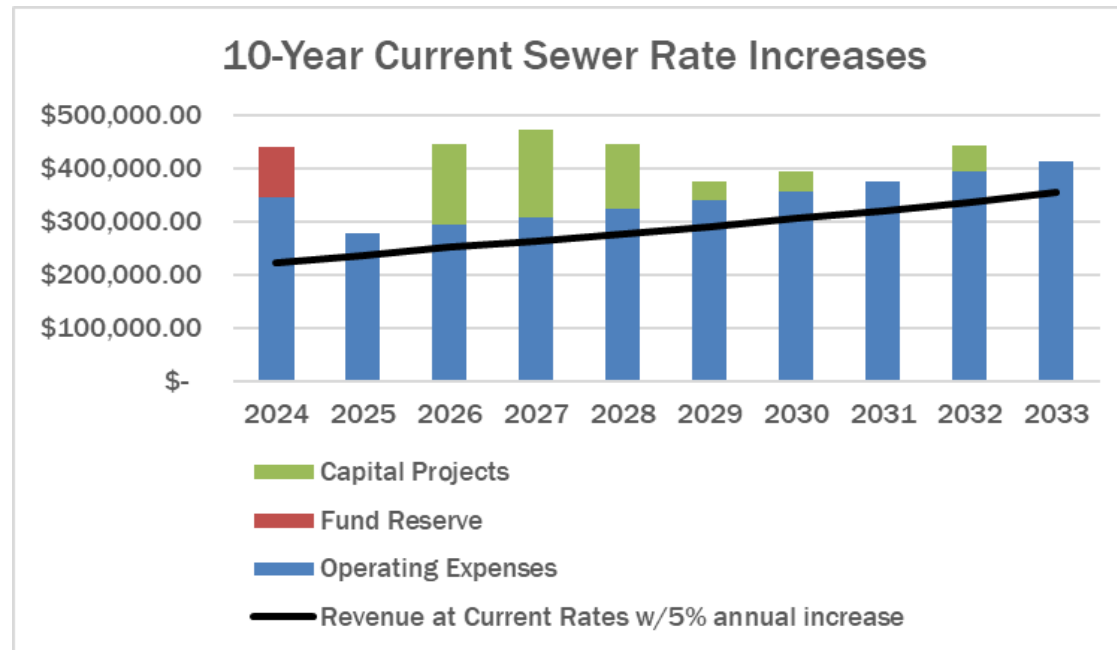


LOANS



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

Ten Year Revenue vs Expenses Projection



Rustlewood 2023 **Sewer** Rates:

Monthly Sewer Rate: \$ 118.15
 Connection Fee: \$6,065.72

Revenues at current rates do not cover projected operating expenses, reserve funding and/or capital costs.

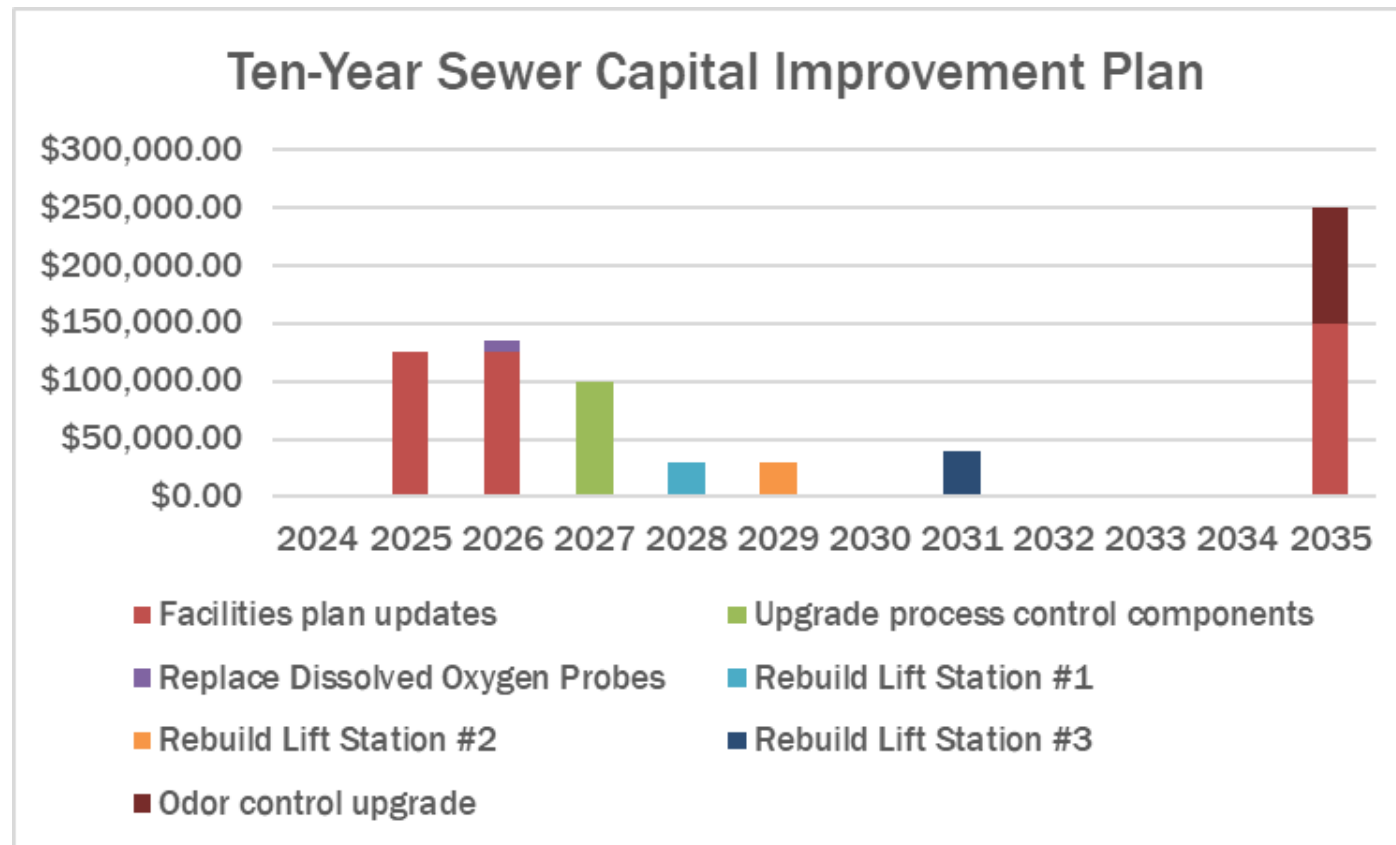
What It Costs to Operate Your Utility

Over the next 10 years, it is anticipated that the average yearly expenditures will be \$469,508.

The equitable annual proportion of each Rustlewood sewer customer would be about \$3000 a year or nearly \$251 per month.

156 of 167 lots within the Rustlewood community are currently sewer customers. That's 93.4% of the community connected to the sewer, there is little opportunity to spread the costs over a larger customer base.

Ten Year Capital Expenditures



Sewer Rate Scenario # 1

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Customers/ERU	156	156	156	156	156	156	156	156	156	156
Current Rate	\$ 126.30	\$ 134.51	\$ 143.25	\$ 150.41	\$ 157.93	\$ 165.83	\$ 174.12	\$ 182.83	\$ 191.97	\$ 201.57
Annual % Increase	6.90%	6.50%	6.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Monthly \$ Increase	\$ 1.44	\$ 8.21	\$ 8.74	\$ 7.16	\$ 7.52	\$ 7.90	\$ 8.29	\$ 8.71	\$ 9.14	\$ 9.60
Annual \$ Increase	\$ 17.26	\$ 98.51	\$ 104.92	\$ 85.95	\$ 90.25	\$ 94.76	\$ 99.50	\$ 104.47	\$ 109.70	\$ 115.18

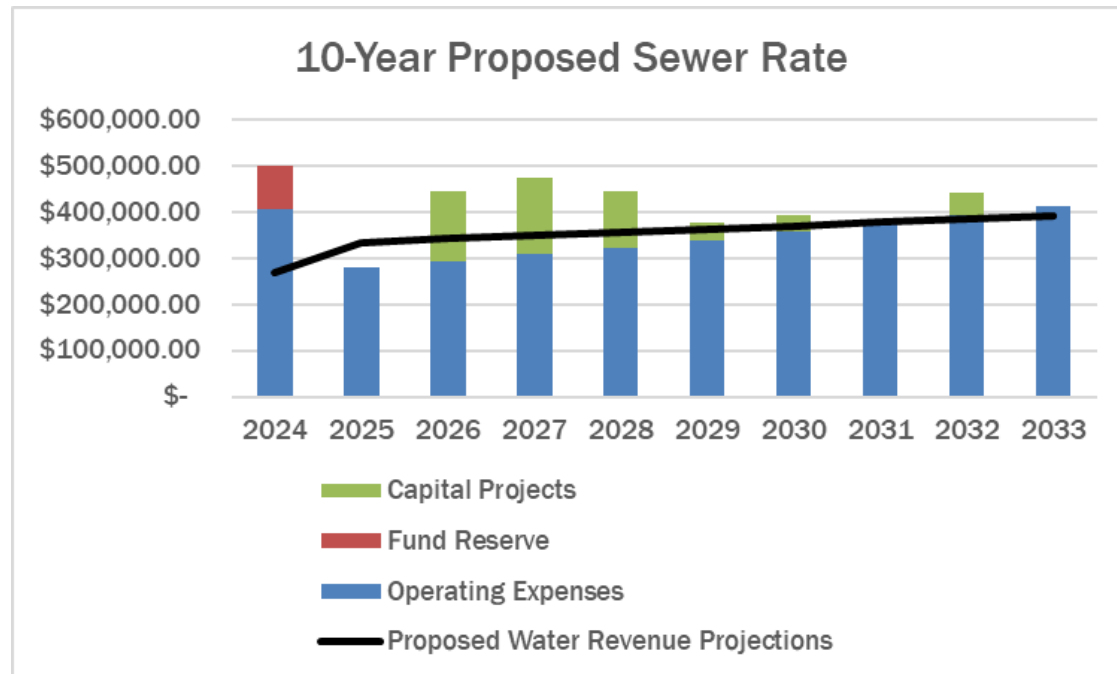
- In 2024, CPI would increase the current rate 6.9%.
- This proposed rate increase and annual projected increases do **NOT** ensure sufficient cash flow for operating expenses or capital expenditures without additional revenue sources.
- This proposed rate **does** include the **County's REET or 0.09 funds** to cover the annual Bond Debt for several years.
- This proposed rate **assumes** Public Works staff is working to secure **more than \$500K in Grant** or other revenue opportunities.

Sewer Rate Scenario #2

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Customers/ERU	156	156	156	156	156	156	156	156	156	156
Proposed Rate #1	\$ 187.08	\$ 190.82	\$ 194.63	\$ 198.53	\$ 202.50	\$ 206.55	\$ 210.68	\$ 214.89	\$ 219.19	\$ 223.57
Annual % Increase	58.34%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Monthly \$ Increase	\$ 62.22	\$ 3.74	\$ 3.82	\$ 3.89	\$ 3.97	\$ 4.05	\$ 4.13	\$ 4.21	\$ 4.30	\$ 4.38
Annual \$ Increase	\$ 746.58	\$ 44.90	\$ 45.80	\$ 46.71	\$ 47.65	\$ 48.60	\$ 49.57	\$ 50.56	\$ 51.57	\$ 52.61

- Ensures sufficient cash flow for operating expenses, but not all capital improvement needs.
- Includes a County's General Fund transfer to cover the annual Bond Debt for several years.
- This proposed rate includes the Public Work's staff working to secure nearly \$543K in Grant or other revenue opportunities for capital improvements.

Ten Year Revenue vs Expenses Projection



Sewer Rate #2

Monthly Sewer Rate: \$ 187.08
 Connection Fee: \$6,065.72

Revenues at proposed rates cover projected operating expenses and some capital costs.

- Annual revenue shortfalls to be covered by annual rate increases and potential grant opportunities.
- Establish reserve fund balance to provide sufficient cash flow to meet operating needs.

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](#)



Mason County Public Works Utility Rate Review Rustlewood Water

PRESENTED BY MASON COUNTY PUBLIC WORKS

About the Rustlewood Community



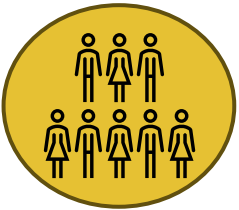
- Rustlewood is a community of 167 lots
- There are currently 144 water connections
- The water system is approved for 160 connections



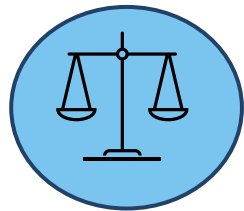
Objectives & Considerations

- 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

Water Utility Overview



CUSTOMERS
144 OR
"ERUs"



OPERATING
BUDGET
\$294,408



10-YEAR
CAPITAL
\$269,703



FY2023
WATER
USAGE

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 Rustlewood community has 144 water ERU's.

Affordability

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

The 2021 MHI of \$5527/month for this census tract is used to calculate.

“Affordability” rate = \$138.18

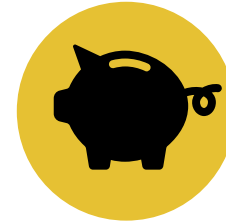
Rate to operate the system = \$181.00

Current rate = \$44.32

Other Revenue Opportunities:



GRANTS



**COUNTY
SUPPORT**

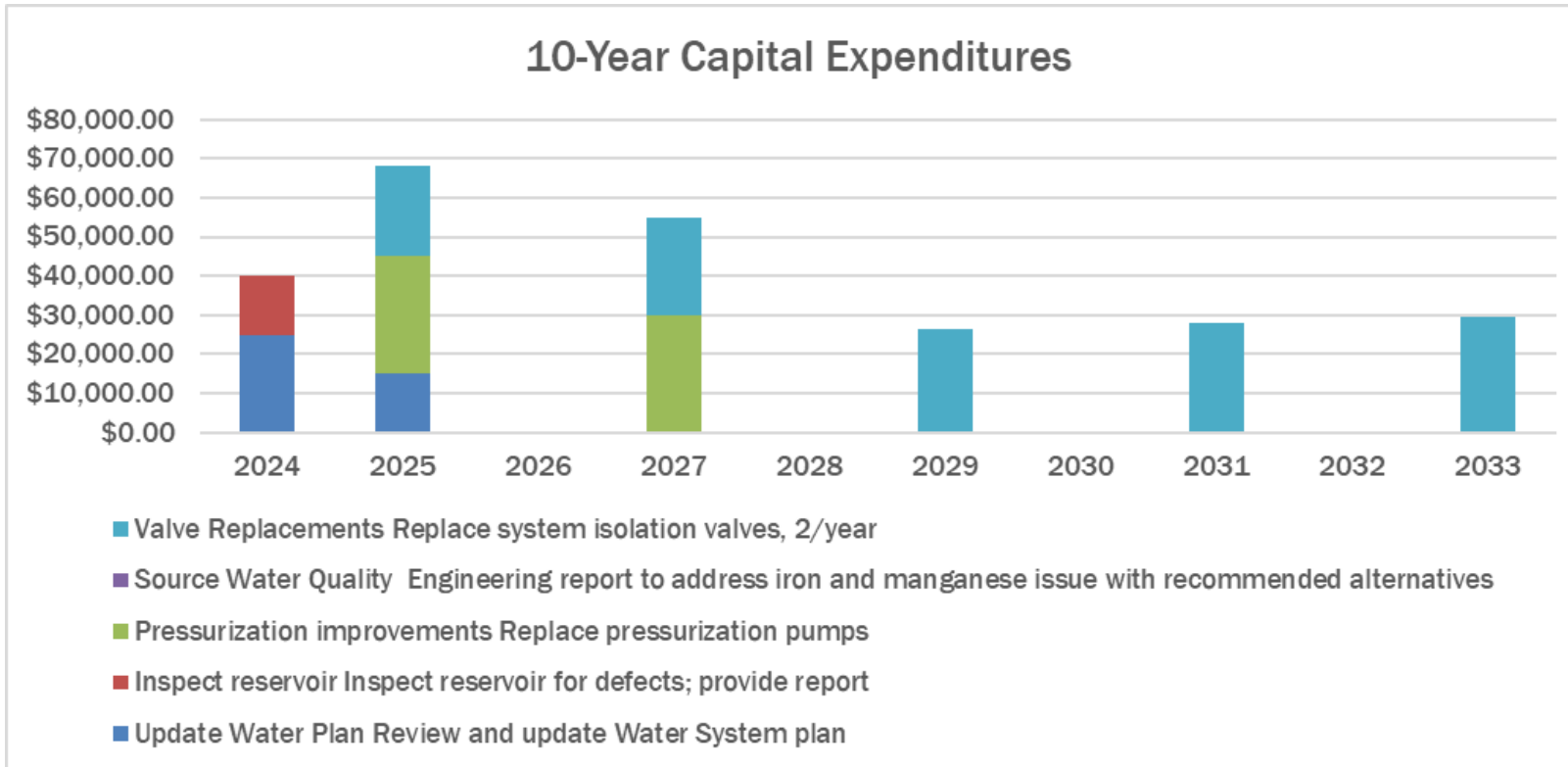


LOANS



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

Ten Year Capital Expenditures



Water Infrastructure Improvements

Local and Community Project
Award

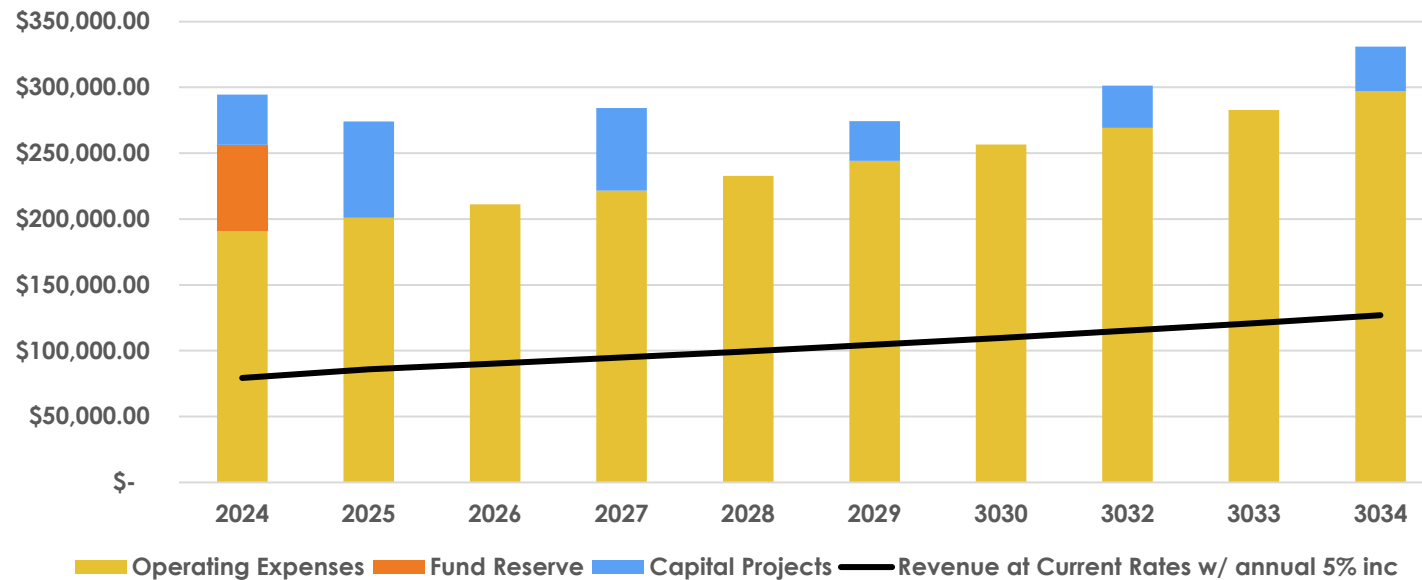
Through Commerce

Focus on water quality
improvements



Ten Year Revenue vs Expenses Projection

Current Water Revenue Projections



Revenues at current rates do not cover projected operating expenses and capital costs.

- Annual revenue shortfalls to be covered by annual rate increases.
- Establish reserve fund balance to provide sufficient cash flow to meet operating needs.

Water Rate Scenario #1

Proposed Monthly Water Rate	2024	2025	2026	2027	2028
Basic Water Rate (up to 700 CF)	\$ 163.99	\$ 132.21	\$ 138.03	\$ 144.13	\$ 150.54
Tier 1 Water Rate (701 to 1200 CF)*	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Tier 2 Water Rate (above 1201 CF)*	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00

* Per 100 CF

- Mid-year increase to establish a reserve and needed cash flow. Then a reduction in 2025 rate and full year pricing model can be adopted, with a 5% increase per year for the 2026-2028 rate years.
- A review of water use consumption by customer saw nearly 73% of customers utilized less than 700 CF, option 1 is a slight decrease in 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.

Water Rate Scenario #2

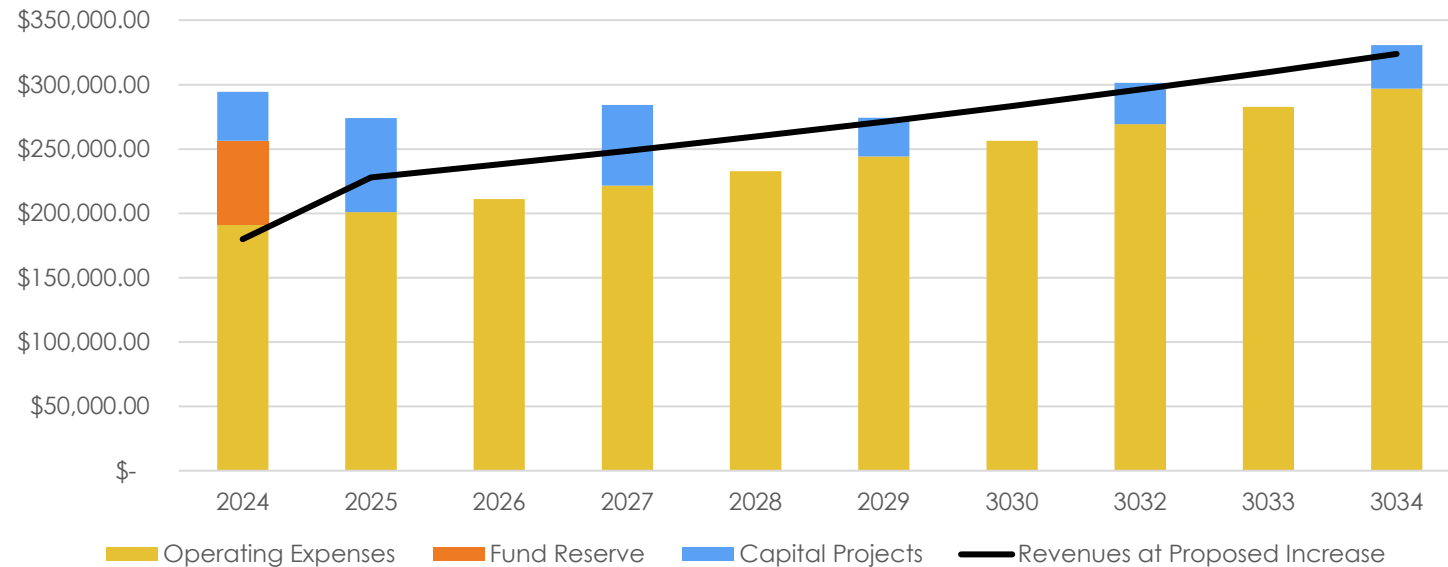
Proposed Monthly Water Rate #2	2024	2025	2026	2027	2028
Basic Water Rate (up to 700 CF)	\$ 170.00	\$ 135.00	\$ 141.75	\$ 148.84	\$ 156.28
Tier 1 Water Rate (701 to 1200 CF)*	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Tier 2 Water Rate (above 1201 CF)*	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00

* Per 100 CF

- Mid-year increase also establishes a reserve and needed cash flow. Then a reduction in 2025 rate and full year pricing model can be adopted, with a 5% increase per year for the 2026- 2028 rate years.
- A review of water use consumption by customer saw nearly 73% of customers utilized less than 700 CF.
- 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

Proposed Water Revenue Projections



Revenues at proposed rates cover projected operating expenses and capital costs.

- Annual revenue shortfalls to be covered by annual rate increases.
- Establish reserve fund balance to provide sufficient cash flow to meet operating needs.

Water Rate Scenario #3

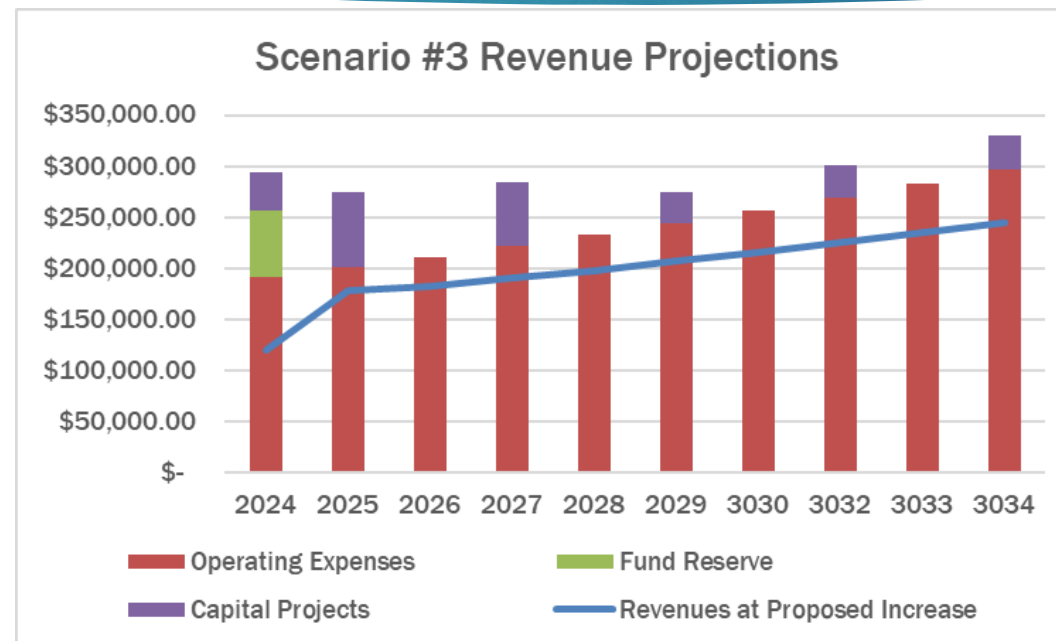
Proposed Monthly Water Rate	2024	2025	2026	2027	2028
Basic Water Rate (up to 700 CF)	\$ 86.00	\$ 90.30	\$ 94.82	\$ 99.56	\$ 104.53
Tier 1 Water Rate (701 to 1200 CF)*	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Tier 2 Water Rate (above 1201 CF)*	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00

*Per 100 CF

In proposed water rate #3:

- The Basic Rate mid-year increase would increase to \$86 from \$44.32 with higher Tier 1 & Tier 2 rates for the remainder of 2024. Then a 5% increase per year for the 2025- 2028 rate years.
- A review of water use consumption by customer saw nearly 73% of customers utilized less than 700 CF.
- 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 scenario #3 rates do not cover projected operating expenses and capital costs.

- Annual revenue shortfalls will not be covered by annual rate increases.
- Establish reserve fund balance to provide sufficient cash flow to meet operating needs.
- This scenario requires an average of nearly \$75,000 a year to be acquired from alternative sources.

Do you have additional questions?

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