



**CITY OF STANWOOD
FINANCE COMMITTEE
AGENDA STAFF REPORT**

SUBJECT: Sewer Rates Revisited	FOR AGENDA OF: July 25, 2013
	DEPARTMENT OF ORIGIN: Finance
ATTACHMENT(S):	DATE SUBMITTED: July 12, 2013
A – 7 Year Sewer Fund Summary as prepared by FCS	CLEARANCES: (check box)
B – Projected Sewer Cash Flow Through 2019 as prepared by staff (Version 1 – No Rate Increase/No Debt)	<input type="checkbox"/> City Attorney _____
C – Projected Sewer Cash Flow Through 2019 as prepared by staff (Version 2 – Rate Increase Only)	<input type="checkbox"/> City Clerk/HR _____
D – Projected Sewer Cash Flow Through 2019 as prepared by staff (Version 3 – Debt Only)	<input type="checkbox"/> Community Development _____
E – Projected Sewer Cash Flow Through 2019 as prepared by staff (Version 4 – Rate Increase and New Debt)	<input type="checkbox"/> Fire _____
F - Projected Sewer Cash Flow Through 2019 as prepared by staff (Version 5 – Rate Increases, \$500k / Yr Capital)	<input type="checkbox"/> Finance _____
G – Projected Sewer Cash Flow Through 2019 as prepared by staff (Version 6 – 4.55% Rate Increases, \$635k / Yr Capital)	<input type="checkbox"/> Police _____
H – Projected Sewer Capital Project Expenditures Through 2019 as prepared by staff	<input type="checkbox"/> Public Works _____
I – Projected Sewer Staffing Through 2019 as prepared by staff	APPROVED FOR SUBMITTAL BY THE CITY ADMINISTRATOR: _____
J – 2013 Residential Monthly Utility Rate Comparison, Snohomish County Cities	
COST OF PROPOSAL: N/A	AMOUNT BUDGETED: N/A

SUMMARY STATEMENT

The purpose of this agenda cover is to review the assumptions in the 2010 sewer rate study for capital funding, revenue requirements, staffing and projected fund balances and bring them up to date as of July 25, 2013.

DISCUSSION

The issue in front of the city council is to review the revenues and expenditures in the sewer operating and reserve funds.

City staff are seeking input from the city council to raise revenues (sewer rate increase) or reduce expenditures from 2013 through 2019 to maintain adequate reserve balances and cover operating expenses.

Summary

During preparation of the 2013 sewer operating, capital and debt service budgets, city staff noticed the sewer operating reserve balance has been declining each year in order to balance the operating fund.

Table 1 – Sewer Operating Fund Activity (Fund 401)

	2010	2011	2012	2013
Beginning Fund Balance	\$ 1,229,800	\$ 1,475,188	\$ 1,102,647	\$ 1,155,367
Revenues	\$ 1,876,991	\$ 1,538,386	\$ 1,554,659	\$ 1,604,000
Expenditures	\$ 1,631,603	\$ 1,910,927	\$ 1,501,939	\$ 1,618,312
Ending Fund Balance	\$ 1,475,188	\$ 1,102,647	\$ 1,155,367	\$ 1,141,055

It is clear the city is not collecting adequate sewer revenues to cover operating expenses. The FCS rate study indicates it was council's decision at the time not to raise sewer rates, but instead use reserve balances to cover operating costs.

In December 2010, FCS published its Water/Sewer Rates and Charges Study. As a result of that study, the city adopted new sewer rates effective January 1, 2011 as follows:

Table 2 – Sewer Rates

	Residential		Senior		Light Commercial		Heavy Commercial	
	Minimum	Overage	Minimum	Overage	Minimum	Overage	Minimum	Overage
Previous Rate (2010)	\$ 37.00	\$ 0.0326	\$ 25.90	\$ 0.0326	\$ 42.48	\$ 0.0326	\$ 80.40	\$ 0.0326
Current Rate (2011)	\$ 35.89	\$ 0.0501	\$ 25.12	\$ 0.0501	\$ 71.78	\$ 0.0501	\$ 81.60	\$ 0.0501

Generally, the new rates reflected a lower base monthly charge and a higher incremental rate. Since the new rates were adopted on January 1, 2011, there have been no further sewer rate increases, nor any planned future rate increases per the rate study.

The Public Works Committee discussed this issue at its January 9, 2013 meeting. The committee recommended using reserves to refund debt and free up approximately \$100,000 per year in debt service payments that could then be applied to sewer operating expenditures for the next four (4) years.

The topic of paying off two (2) Public Works Trust Fund Loans was further discussed at the January 31, 2013 council workshop, at which time council directed staff to pay off the PWTF loans as presented. This was done on the regular payment date of July 1, 2013, and a budget amendment to appropriate the necessary funds will be brought forward to council at an upcoming regular meeting.

In summary, the major questions/challenges that will need to be dealt with for the sewer utility going forward are:

1. How does the city properly fund operations and staffing at a level that ensures that the sewer utility is run efficiently and effectively?

Staff recommendation: In order to keep pace with inflation and maintain adequate reserve balances, the city should consider the adopting 4.55% rate increases each year from 2014 to 2019.

2. What is the proper level of cash reserves in the sewer utility, and how can the city maintain cash reserves above the desired levels?

Staff recommendation: The current recommended minimum cash reserve for the sewer utility would be \$1,705,000, as follows:

• 60 days operating reserve	\$ 280,000
• 2% capital contingency reserve	\$ 600,000
• 25% rate stabilization reserve	\$ 425,000
• 1.25 times restricted debt reserve	<u>\$ 400,000</u>
Total	<u>\$1,705,000</u>

3. What is the proper level of system reinvestment (i.e. capital projects and equipment replacement) to maintain the system to operate safely and effectively?

Staff recommendation: In order to maintain affordable rate increases and sufficient cash reserve levels (as per recommendations 1 and 2, above), the sewer utility could make annual capital expenditures averaging \$635,000 (plus any developer funds) over the next six (6) years as outlined in Attachment G.

4. How does the city properly fund its future capital needs? Rate increases or issuance of debt?

Staff recommendation: The city should “self-fund” sewer utility capital projects over the next six (6) years via modest rate increases and spending down capital reserves before additional borrowing is considered.

Original FCS Sewer Fund Study

The original Sewer Fund Summary (Attachment A) shows seven years of financial data from 2010 to 2016. The first section, Capital Funding, shows capital funding assumptions during this time period. Over the seven years, the City was projected to spend \$2,672,055 on capital projects, or an average of about \$382,000 per year. Additionally, the assumption was that another revenue bond would be issued in 2016 to fund future capital projects.

Under the Revenue Requirements section, the 2010 study projected revenues and expenditures from operations, including debt service payments. Over time, the system takes in about \$1.6 million to \$1.7 million in sewer rates, and expends roughly the same amount in operating expenditures and annual debt service payments.

Under the Fund Balance section, the assumption was, with the assumption of no rate increases through 2015, and a 1.75% increase in 2016, sewer fund operating reserves would decrease from \$3,622,003 in 2011 to \$944,202 by the end of 2016. Without rate increases, the ending fund balances will continue to decline.

In 2010, due to a larger indirect cost allocation to the general fund of \$320,000, the study showed the operating fund had an operating deficit of \$94,980.

In 2011 and future years, when the indirect cost allocation was reduced to about half that amount (\$164,000 in 2011), there were small operating surpluses projected through 2015, with a small operating deficit in 2016. Basically the city is breaking even on its sewer operations; however, no additional funds are being generated to fund major capital improvements. Instead, the sewer utility is funding capital projects by drawing down its cash reserves.

Table 3 – Excerpt from FCS Sewer Fund Summary

	2010	2011	2012	2013	2014	2015	2016
Total Operating Revenues	\$ 1,644,237	\$ 1,661,392	\$ 1,673,032	\$ 1,685,047	\$ 1,699,888	\$ 1,714,766	\$ 1,726,842
Total Operating Expenditures	\$ 1,739,218	\$ 1,606,748	\$ 1,628,272	\$ 1,650,429	\$ 1,673,238	\$ 1,696,716	\$ 1,750,955
Annual Surplus / (Deficiency)	\$ (94,981)	\$ 54,644	\$ 44,760	\$ 34,618	\$ 26,650	\$ 18,050	\$ (24,113)
Net Revenue from Rate Increases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,738
Use of Operating Reserves	\$ 94,981	\$ (54,644)	\$ (44,760)	\$ (34,618)	\$ (26,650)	\$ (18,050)	\$ (4,625)
Net Surplus / (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Projected Cash Flow Through 2019

In the Projected Cash Flow Through 2019 worksheet (Attachment B) city staff used many of the same assumptions, but updated 2011-2013 with actual amounts. Then the next six (6) years, 2014 through 2019 were projected using staff estimates for capital expenditures and staffing, factoring in the early payoff of the two Public Works Trust Fund loans on July 1, 2013. **Based on these new, revised projections, it appears that unless adjustments are made, the sewer fund balance will remain positive through 2015 and turn negative sometime in 2016.**

With no adopted rate increase in place, sewer operating revenues are projected to grow at a rate of about 0.7% per year due to growth in the customer base, while operating expenditures are expected to grow at the much faster rate of 2.5%. Thus, over time, the projected growth rate of operating expenditures are expected to outpace the growth rate of operating revenues by about 1.8% per year, leading to larger and larger operating deficits over time through compounding.

Sewer Projected Capital Projects 2014 through 2019

In the updated Sewer – Projected Capital Projects 2014 Through 2019 (Attachment H) city staff updated FCS's projections with more current estimates of necessary capital expenditures that should occur over the next six (6) years.

Under current projections, the city would spend \$3,805,000 in capital projects from 2014 through 2019, or an average of \$635,000 per year.

Sewer Staffing Projections 2014 through 2019

An estimate of sewer utility full-time employees is based on assigned tasks and duties and currently is as follows:

Table 4 – Staffing Levels

Task/Duty Assignment	Current Budgeted Full-Time Employees	Recommended Full-Time Employees
Administrative	0.60	0.80
WWTP Operator	2.00	2.00
Wastewater Collections	1.00	3.00
Total FTE	3.60	5.80
Total Cost	312,800.00	449,800.00

In the updated Sewer – Projected Staffing 2014 through 2019 (Attachment I), city staff updated the staffing requirements necessary to run the wastewater treatment plant and all other sewer operations to best serve the city's users. It includes twenty percent (20%) of the city administrator, public works director, assistant public works director and administrative assistant so that the sewer utility picks up its fair share of the

administrative function. Beginning in 2013, the projection assumes one additional wastewater treatment operator II position than was projected in the original FCS study and the 2013 adopted budget.

Both the Interim Public Works Director and City Administrator recommend the city restore staffing levels in the sewer division to the minimum level as outlined in the 2010 sewer comprehensive plan

Reserve Funds

1. Operating Reserve – The study recommends 45 to 60 days of operating and maintenance (O & M) expenditures to be held in reserve to deal with the normal fluctuations in revenues and expenditures that happen throughout the year. Generally, since O & M expenses are about \$1.7 million per year, this reserve should be about \$280,000 ($\$1.7 \text{ million} \times 60 \text{ days} / 365 \text{ days} = \$280,000$, rounded).

The city adopted 60 days of operating & maintenance reserves in its current Financial Policies for the Water and Sewer Utility (Resolution 2012-06).

2. Capital Contingency Reserve – The study recommends a minimum balance in the capital account equal to 1% to 2% of system fixed assets (at historical cost). Applying the more conservative 2% rate to the historical cost of system assets (about \$30 million) renders a capital contingency reserve of about \$600,000 ($\$30 \text{ million} \times 2\% = \$600,000$).

Resolution 2012-06 adopted maintaining a capital contingency reserve of 1% of original cost of total sewer system fixed assets.

3. Rate Stabilization Reserve – A rate stabilization reserve provides a resource to manage the level of rates despite variability in water usage from year to year due to weather patterns, conservation efforts and/or economic cycles. For this study, the City requested evaluation of establishing this new reserve for the water utility only. The target balance, per the study “can simply be based on a policy objective, perhaps ranging from 10 to 25% of annual rate revenues.” Applying the more conservative 25% rate to annual revenues of about \$1.7 million yields a sewer rate stabilization reserve of \$425,000 ($\$1.7 \text{ million} \times 25\% = \$425,000$).

Resolution 2012-06 adopted a policy-based target ranging from 10% to 25% of rate revenues be maintained in the sewer fund as a rate stabilization reserve.

4. Restricted Debt Reserves – Debt reserve equal to 1.25 times annual debt service payment was established in the total amount of about \$400,000).

Resolution 2012-06 established a reserve benchmark of one year’s debt service payments, with the proviso that the City will set aside any, and all, required funds to meet restricted debt reserves as required by individual bond covenants.

Adding all four components of reserve together, using the theoretical reserve components as described above, the City would maintain a combined sewer fund balance of \$1,705,000, as follows:

Table 5 – Combined Sewer Fund Balance (Operating & Capital)

Fund No.	Description	Reserve Target	Current
401	Operating Reserve	\$ 280,000	
401	Rate Stabilization	\$ 425,000	
401	Total	\$ 705,000	\$ 1,155,367
403	Capital Contingency	\$ 600,000	
403	Debt Reserves	\$ 400,000	
403	Total	\$ 1,000,000	\$ 1,664,587
405	Sewer Plant Investment	\$ -	\$ 537,445
	Grand Totals	\$ 1,705,000	\$ 3,357,399

Debt Service

At the January 31, 2013 council workshop, council directed staff to pay off two (2) Public Works Trust Fund loans as presented below:

Table 6 – Sewer Fund Loans for Possible Refunding

Fund	Loan Description	YE 2013 Balance	Maturity	Interest Rate	Annual Payment
Sewer	Public Works Trust Fund (PW-5-96-791-053)	\$185,9481	2016	3%	\$37,756
Sewer	Public Works Trust Fund (PW-00-691-PRE-112)	\$258,472	2020	0.5%	\$65,082

The average annual payment on these two loans combined is \$102,838 (\$65,082 + \$37,756). When the city retires both loans, this will free up more than \$100,000 per year that could be applied toward sewer operations and/or to maintain adequate cash reserve levels as described above.

The city will save \$7,438 in interest over the final three (3) years by paying off the first sewer loan, and \$5,169 over the final seven (7) years by paying off the second loan. Currently the city earns well below 1% on its investments, and less than 0.2% in the state investment pool.

Rate Adjustment Alternatives

The following alternatives were developed to demonstrate what it would take over the next six years to do the following:

- Accomplish \$3.8 million of city-funded sewer capital projects over the next six years (2014 – 2019) as identified in Attachment H.
- Maintain the proposed level of staffing over the next six years as identified in Attachment H.
- Maintain a \$1.7 million cash reserve as detailed above.

Six scenarios are presented below that would accomplish all three of those objectives:

1. No rate increases and no new debt (Attachment B): Under this model, the city would fund operations and capital at desired levels; however, cash reserves would fall below the \$1.7 million cash reserve requirement in 2015 and then turn negative in 2016.
2. Rate increase only (Attachment C): Under this model, the city would fund operations and capital at the desired levels, and still maintain the \$1.7 million cash reserve requirement by increasing rates by 20% for three (3) years in a row, from 2014 to 2016.
3. Debt Only (Attachment D): Under this model, the city would fund operations and capital at the desired levels, and still maintain the \$1.7 million cash reserve requirement by issuing \$1.5 million in new debt in 2015, 2016, 2017 and 2018 (\$6 million total). The annual debt service payment would be:
 - 2015 \$109,000
 - 2016 \$218,000
 - 2017 \$327,000
 - 2018 and beyond \$436,000

While this option would fund current proposed capital projects, the deficit from sewer operations would grow, from a net loss of \$83,682 in 2014 to \$616,848 in 2019, due largely from the additional \$436,000 per year required to service the combined \$6.0 million debt just issued.

4. Combination of rate increases and new debt (Attachment E): Under this model, the city would fund operations and capital at the desired levels, and still maintain the \$1.7 million cash reserve requirement by increasing rates 10% per year in 2014, 2015 and 2016, and by issuing \$3 million in new debt between 2014 and 2018 (\$3 million total).
5. Rate increases of 3.5% each year from 2014 through 2019, holding annual capital improvements to \$500,000 (Attachment F). Under this model, the city would not have to issue new debt, and would have cash reserves of about \$1.85 million at the end of 2019.

6. Rate increases of 4.55% each year from 2014 through 2019, holding annual capital improvements to \$635,000 (Attachment G). Under this model, the city would not have to issue new debt, and would have cash reserves of about \$1.7 million at the end of 2019.
7. Maintain current staffing levels and capital project expenditures. Reduce reserves to minimum levels. Postpone a rate increase to a future date.

Residential Utility Rate Comparison

The City of Granite Falls recently concluded a residential utility rate study comparison for Snohomish County cities (Attachment H). Presented below are their findings for monthly sewer rates based on a single family residence using 600 cubic feet of water per month:

Table 7 – Comparison of Monthly Sewer Rates

City	Monthly Sewer Fees
Snohomish	\$ 85.83
Lake Stevens	\$ 75.00
Sultan	\$ 74.47
Monroe	\$ 72.72
Arlington	\$ 70.15
Granite Falls	\$ 55.00
Marysville	\$ 39.03
Stanwood	\$ 35.89
Average	\$ 63.51

In this survey of eight Snohomish County cities, the survey found that Stanwood monthly sewer rates were the lowest at \$35.89, nearly 44% less than the average of \$63.51.

The current monthly residential sewer rate is \$35.89 up to 600 cubic feet (CF), with an additional \$5.01 for each additional 100 CF water usage above 100 CF.

Table 8 – Rate Increase Options

Rate Increase Options	2013	2014	2015	2016	2017	2018	2019
20% Annual Rate Increase	\$ 35.89	\$ 43.07	\$ 51.68	\$ 62.02	\$ 62.02	\$ 62.02	\$ 62.02
10% Annual Rate Increase	\$ 35.89	\$ 39.48	\$ 43.43	\$ 47.77	\$ 47.77	\$ 47.77	\$ 47.77
4.55% Annual Rate Increase	\$ 35.89	\$ 37.52	\$ 39.23	\$ 41.02	\$ 42.88	\$ 44.83	\$ 46.87
3.5% Annual Rate Increase	\$ 35.89	\$ 37.15	\$ 38.45	\$ 39.79	\$ 41.18	\$ 42.63	\$ 44.12

Summary

We can't answer the question of rate increases until we have direction from council on staffing levels and capital expenditures. Once the capital expenditures have been determined, the next question is how to finance them, either through rate increases or borrowing.

FINANCIAL IMPACT

To be determined. Staff seeks Council guidance as to whether to move forward with a proposed rate increase in the 2014 budget.

STAFF RECOMMENDATIONS

None to date. This concept is being presented to Finance Subcommittee for review and discussion, prior to its presentation to the full council during the budget process.

City of Stanwood Sewer Fund Summary

Attachment A

Capital Funding	2010	2011	2012	2013	2014	2015	2016
Total Capital Projects	\$ 478,855	\$ 352,903	\$ 304,664	\$ 507,319	\$ 1,666,602	\$ 2,432,876	\$ 2,672,055
Developer-Funded Projects	-	-	-	-	1,144,721	1,180,207	1,216,794
Use of Capital Fund Balance	478,855	352,903	304,664	507,319	521,881	1,252,669	1,294,756
Revenue Bond Proceeds	-	-	-	-	-	-	160,505
Total Funding Sources	\$ 478,855	\$ 352,903	\$ 304,664	\$ 507,319	\$ 1,666,602	\$ 2,432,876	\$ 2,672,055
Revenue Bond Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 387,830

Revenue Requirements	2010	2011	2012	2013	2014	2015	2016
Revenues							
Rate Revenues Under Existing Rates	\$ 1,636,531	\$ 1,648,427	\$ 1,660,324	\$ 1,672,221	\$ 1,684,117	\$ 1,696,014	\$ 1,707,910
Non-Rate Revenues	7,707	12,965	12,709	12,826	15,771	18,752	18,931
Total Revenues	\$ 1,644,237	\$ 1,661,392	\$ 1,673,032	\$ 1,685,047	\$ 1,699,888	\$ 1,714,766	\$ 1,726,842
Expenses							
Cash Operating Expenses	\$ 1,048,562	\$ 918,051	\$ 941,534	\$ 965,651	\$ 990,418	\$ 1,015,855	\$ 1,041,979
Existing Debt Service	690,655	688,696	686,737	684,778	682,820	680,861	678,902
New Debt Service	-	-	-	-	-	-	30,074
Rate-Funded System Reinvestment	-	-	-	-	-	-	-
Total Expenses	\$ 1,739,218	\$ 1,606,748	\$ 1,628,272	\$ 1,650,429	\$ 1,673,238	\$ 1,696,716	\$ 1,750,955
Annual Surplus / (Deficiency)	\$ (94,980)	\$ 54,645	\$ 44,761	\$ 34,618	\$ 26,651	\$ 18,050	\$ (24,113)
Net Revenue from Rate-Increases	-	-	-	-	-	-	28,738
Use of Operating Reserves	94,980	(54,645)	(44,761)	(34,618)	(26,651)	(18,050)	(4,624)
Net Surplus / (Deficiency)	\$ -	\$ (0)					
Annual Rate Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.75%
Cumulative Annual Rate Adjustment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.75%

Fund Balances	2010	2011	2012	2013	2014	2015	2016
SEWER FUND 401	\$ 734,820	\$ 150,913	\$ 154,350	\$ 158,737	\$ 162,808	\$ 166,990	\$ 170,816
SEWER CONSTRUCTION FUNDS 403 - 407	2,644,816	3,066,532	2,978,180	2,672,273	2,351,396	1,294,756	340,753
DEBT RESERVE	402,559	402,559	402,559	402,559	402,559	402,559	432,633
Total	\$ 3,782,195	\$ 3,622,003	\$ 3,535,089	\$ 3,233,569	\$ 2,916,763	\$ 1,864,305	\$ 944,202
Combined Minimum Target Balance	\$ 365,912	\$ 373,351	\$ 378,975	\$ 387,339	\$ 407,059	\$ 434,523	\$ 494,188

**City of Stanwood
Projected Cash Flow
Through 2019**

Version 1 - No Rate Increase/No Debt

Attachment B

Operations	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Rate Revenues - Existing	\$ 1,568,685	\$ 1,534,882	\$ 1,551,702	\$ 1,562,874	\$ 1,573,971	\$ 1,585,146	\$ 1,596,242	\$ 1,607,416	\$ 1,618,667	\$ 1,629,998
Proposed Rate Increase	-	-	-	-	-	-	-	-	-	-
Non-rate Revenues	6,744	3,504	2,957	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Total Revenues	\$ 1,575,429	\$ 1,538,386	\$ 1,554,659	\$ 1,566,874	\$ 1,577,971	\$ 1,589,146	\$ 1,600,242	\$ 1,611,416	\$ 1,622,667	\$ 1,633,998
Expenditures										
Operating Expenses	900,948	717,202	775,202	893,534	1,082,752	1,112,259	1,142,576	1,173,726	1,205,733	1,238,619
Existing Debt Service	690,655	689,696	686,737	1,122,765	578,900	578,365	577,831	577,296	576,761	576,227
New Debt Service	-	-	-	-	-	-	-	-	-	-
Total Expenses	1,591,603	1,405,898	1,461,939	2,016,299	1,661,652	1,690,624	1,720,407	1,751,022	1,782,494	1,814,846
Surplus (Deficit) from Operations	(16,174)	132,488	92,720	(449,425)	(83,682)	(101,478)	(120,165)	(139,606)	(159,827)	(180,848)

Capital	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Connection Fees	11,250	7,000	23,000	28,500	25,000	15,000	15,000	15,000	15,000	15,000
Plant Investment Fees	87,818	90,776	278,356	344,919	302,561	181,537	181,537	181,537	181,537	181,537
New Debt Proceeds	-	-	-	-	-	-	-	-	-	-
Interest	13,182	10,852	9,062	7,500	8,000	8,500	9,000	9,500	10,000	10,500
Total Revenues	112,250	108,628	310,418	380,919	335,561	205,037	205,537	206,037	206,537	207,037
Expenditures										
Equipment Replacement	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Capital Projects	266,626	105,222	648,257	671,500	705,000	1,590,000	1,945,000	1,531,000	1,519,000	960,000
Less: Developer Funded	-	-	-	-	-	-	-	(126,000)	(1,209,000)	(815,000)
Total Expenditures	306,626	145,222	688,257	711,500	745,000	1,630,000	1,985,000	1,445,000	350,000	185,000
Surplus (Deficit) from Capital	(194,376)	(36,594)	(377,839)	(330,581)	(409,439)	(1,424,963)	(1,779,463)	(1,238,963)	(143,463)	22,037

Fund Balance Summary	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Beginning Fund Balance	4,435,519	4,224,969	4,320,863	4,035,744	3,255,739	2,762,618	1,236,177	(663,451)	(2,042,020)	(2,345,310)
Net from Operations	(16,174)	132,488	92,720	(449,425)	(83,682)	(101,478)	(120,165)	(139,606)	(159,827)	(180,848)
Net from Capital	(194,376)	(36,594)	(377,839)	(330,581)	(409,439)	(1,424,963)	(1,779,463)	(1,238,963)	(143,463)	22,037
Ending Fund Balance	4,224,969	4,320,863	4,035,744	3,255,739	2,762,618	1,236,177	(663,451)	(2,042,020)	(2,345,310)	(2,504,121)
Minimum Cash Reserves	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000

Assumes 57 units in 2013, 50 units in 2014, and an average of 30 units/year thereafter.
 Assumes sewer operating revenues will increase 0.7% per year as a result of growth (same assumption as rate study).
 Assumes sewer operating expenditures will increase 2.5% per year as a result of inflation (same assumption as rate study).
 Assumes staffing level of 5.6 FTE.

Conclusion: Under this model, cash reserves would fall below the \$1.7 minimum in 2015, and turn negative in 2016.

**City of Stanwood
Projected Cash Flow
Through 2019**

**Version 2 - Rate Increase Only
20% Per Year (2014-2017)**

Attachment C

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operations										
Revenues										
Rate Revenues - Existing	\$ 1,568,685	\$ 1,534,882	\$ 1,551,702	\$ 1,562,874	\$ 1,573,971	\$ 1,585,146	\$ 1,596,242	\$ 1,607,416	\$ 1,618,667	\$ 1,629,998
Proposed Rate Increases	-	-	-	-	\$ 314,794	\$ 697,464	\$ 1,162,064	\$ 1,170,499	\$ 1,178,390	\$ 1,186,639
Non-rate Revenues	6,744	3,504	2,957	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Total Revenues	\$ 1,575,429	\$ 1,538,386	\$ 1,554,659	\$ 1,566,874	\$ 1,892,765	\$ 2,286,610	\$ 2,762,306	\$ 2,781,614	\$ 2,801,057	\$ 2,820,637
Expenditures										
Operating Expenses	900,948	717,202	775,202	893,534	1,082,752	1,112,259	1,142,576	1,173,726	1,205,733	1,238,619
Existing Debt Service	690,655	688,696	686,737	1,122,765	578,900	578,365	577,831	577,296	576,761	576,227
New Debt Service	-	-	-	-	-	-	-	-	-	-
Total Expenses	1,591,603	1,405,898	1,461,939	2,016,299	1,661,652	1,690,624	1,720,407	1,751,022	1,782,494	1,814,846
Surplus (Deficit) from Operations	(16,174)	132,488	92,720	(449,425)	231,112	595,986	1,041,899	1,030,592	1,018,563	1,005,790
Capital										
Revenues										
Connection Fees	11,250	7,000	23,000	28,500	25,000	15,000	15,000	15,000	15,000	15,000
Plant Investment Fees	87,818	90,776	278,356	344,919	302,561	181,537	181,537	181,537	181,537	181,537
New Debt Proceeds	-	-	-	-	-	-	-	-	-	-
Interest	13,182	10,852	9,062	7,500	8,000	8,500	9,000	9,500	10,000	10,500
Total Revenues	112,250	108,628	310,418	380,919	335,561	205,037	205,537	206,037	206,537	207,037
Expenditures										
Equipment Replacement	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Capital Projects	266,626	105,222	648,257	671,500	705,000	1,590,000	1,945,000	1,531,000	1,519,000	960,000
Less: Developer Funded	-	-	-	-	-	-	-	(126,000)	(1,209,000)	(815,000)
Total Expenditures	306,626	145,222	688,257	711,500	745,000	1,630,000	1,985,000	1,445,000	350,000	185,000
Surplus (Deficit) from Capital	(194,376)	(36,594)	(377,839)	(330,581)	(409,439)	(1,424,963)	(1,779,463)	(1,238,963)	(143,463)	22,037
Fund Balance Summary										
Beginning Fund Balance	4,435,519	4,224,969	4,320,863	4,035,744	3,255,739	3,077,412	2,248,435	1,510,871	1,302,501	2,177,601
Net from Operations	(16,174)	132,488	92,720	(449,425)	231,112	595,986	1,041,899	1,030,592	1,018,563	1,005,790
Net from Capital	(194,376)	(36,594)	(377,839)	(330,581)	(409,439)	(1,424,963)	(1,779,463)	(1,238,963)	(143,463)	22,037
Ending Fund Balance	4,224,969	4,320,863	4,035,744	3,255,739	3,077,412	2,248,435	1,510,871	1,302,501	2,177,601	3,205,428
Minimum Cash Reserves	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000

Assumes 57 units in 2013, 50 units in 2014, and an average of 30 units/year thereafter.

Assumes sewer operating revenues will increase 0.7% per year as a result of growth (same assumption as rate study).

Assumes sewer operating expenditures will increase 2.5% per year as a result of inflation (same assumption as rate study).

Assumes staffing level of 5.6 FTE.

Conclusion: This model assumes a 20% per year rate increase from 2014 through 2016 to maintain cash reserves at or near \$1.7 million minimum.

**City of Stanwood
Projected Cash Flow
Through 2019**

Version 3 - Debt Only

Attachment D

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operations										
Revenues										
Rate Revenues - Existing	\$ 1,568,685	\$ 1,534,882	\$ 1,551,702	\$ 1,562,874	\$ 1,573,971	\$ 1,585,146	\$ 1,596,242	\$ 1,607,416	\$ 1,618,667	\$ 1,629,998
Proposed Rate Increases	-	-	-	-	-	-	-	-	-	-
Non-rate Revenues	6,744	3,504	2,957	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Total Revenues	\$ 1,575,429	\$ 1,538,386	\$ 1,554,659	\$ 1,566,874	\$ 1,577,971	\$ 1,589,146	\$ 1,600,242	\$ 1,611,416	\$ 1,622,667	\$ 1,633,998
Expenditures										
Operating Expenses	900,948	717,202	775,202	893,534	1,082,752	1,112,259	1,142,576	1,173,726	1,205,733	1,238,619
Existing Debt Service	690,655	688,696	686,737	1,122,765	578,900	578,365	577,831	577,296	576,761	576,227
New Debt Service	-	-	-	-	-	109,000	218,000	327,000	436,000	436,000
Total Expenses	1,591,603	1,405,898	1,461,939	2,016,299	1,661,652	1,799,624	1,938,407	2,078,022	2,218,494	2,250,846
Surplus (Deficit) from Operations	(16,174)	132,488	92,720	(449,425)	(83,682)	(210,478)	(338,165)	(466,606)	(595,827)	(616,848)
Capital										
Revenues										
Connection Fees	11,250	7,000	23,000	28,500	25,000	15,000	15,000	15,000	15,000	15,000
Plant Investment Fees	87,818	90,776	278,356	344,919	302,561	181,537	181,537	181,537	181,537	181,537
New Debt Proceeds	-	-	-	-	-	1,500,000	1,500,000	1,500,000	1,500,000	-
Interest	13,182	10,852	9,062	7,500	8,000	8,500	9,000	9,500	10,000	10,500
Total Revenues	112,250	108,628	310,418	380,919	335,561	1,705,037	1,705,537	1,706,037	1,706,537	207,037
Expenditures										
Equipment Replacement	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Capital Projects	266,626	105,222	648,257	671,500	705,000	1,590,000	1,945,000	1,531,000	1,519,000	960,000
Less: Developer Funded	-	-	-	-	-	-	-	(126,000)	(1,209,000)	(815,000)
Total Expenditures	306,626	145,222	688,257	711,500	745,000	1,630,000	1,985,000	1,445,000	350,000	185,000
Surplus (Deficit) from Capital	(194,376)	(36,594)	(377,839)	(330,581)	(409,439)	75,037	(279,463)	261,037	1,356,537	22,037
Fund Balance Summary										
Beginning Fund Balance	4,435,519	4,224,969	4,320,863	4,035,744	3,255,739	2,762,618	2,627,177	2,009,549	1,803,980	2,564,690
Net from Operations	(16,174)	132,488	92,720	(449,425)	(83,682)	(210,478)	(338,165)	(466,606)	(595,827)	(616,848)
Net from Capital	(194,376)	(36,594)	(377,839)	(330,581)	(409,439)	75,037	(279,463)	261,037	1,356,537	22,037
Ending Fund Balance	4,224,969	4,320,863	4,035,744	3,255,739	2,762,618	2,627,177	2,009,549	1,803,980	2,564,690	1,969,879
Minimum Cash Reserves	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000

Assumes 57 units in 2013, 50 units in 2014, and an average of 30 units/year thereafter.

Assumes sewer operating revenues will increase 0.7% per year as a result of growth (same assumption as rate study).

Assumes sewer operating expenditures will increase 2.5% per year as a result of inflation (same assumption as rate study).

Assumes staffing level of 5.6 FTE.

Conclusion: Under this model, the minimum \$1.7 cash reserves would be maintained by borrowing \$1.5 million per year from 2015 through 2018 (\$6.0 million total), assuming average rate 4% and 20 year maturities.

City of Stanwood
Projected Cash Flow
Through 2019

Version 4 - Rate Increases and New Debt

Attachment E

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operations										
Revenues										
Rate Revenues - Existing	\$ 1,568,685	\$ 1,534,882	\$ 1,551,702	\$ 1,562,874	\$ 1,573,971	\$ 1,585,146	\$ 1,596,242	\$ 1,607,416	\$ 1,618,667	\$ 1,629,998
Proposed Rate Increases	\$ -	\$ -	\$ -	\$ -	\$ 157,397	\$ 332,881	\$ 528,356	\$ 532,055	\$ 535,779	\$ 539,529
Non-rate Revenues	6,744	3,504	2,957	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Total Revenues	\$ 1,575,429	\$ 1,538,386	\$ 1,554,659	\$ 1,566,874	\$ 1,735,368	\$ 1,922,026	\$ 2,128,598	\$ 2,143,470	\$ 2,158,446	\$ 2,173,528
Expenditures										
Operating Expenses	900,948	717,202	775,202	893,534	1,082,752	1,112,259	1,142,576	1,173,726	1,205,733	1,238,619
Existing Debt Service	690,655	688,696	686,737	1,122,765	578,900	578,365	577,831	577,296	576,761	576,227
New Debt Service	-	-	-	-	-	55,000	110,000	165,000	220,000	220,000
Total Expenses	1,591,603	1,405,898	1,461,939	2,016,299	1,661,652	1,745,624	1,830,407	1,916,022	2,002,494	2,034,846
Surplus (Deficit) from Operations	(16,174)	132,488	92,720	(449,425)	73,715	176,403	298,191	227,448	155,952	138,681
Capital										
Revenues										
Connection Fees	11,250	7,000	23,000	28,500	25,000	15,000	15,000	15,000	15,000	15,000
Plant Investment Fees	87,818	90,776	278,356	344,919	302,561	181,537	181,537	181,537	181,537	181,537
New Debt Proceeds	-	-	-	-	-	750,000	750,000	750,000	750,000	-
Interest	13,182	10,852	9,062	7,500	8,000	8,500	9,000	9,500	10,000	10,500
Total Revenues	112,250	108,628	310,418	380,919	335,561	955,037	955,537	956,037	956,537	207,037
Expenditures										
Equipment Replacement	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Capital Projects	266,626	105,222	648,257	671,500	705,000	1,590,000	1,945,000	1,531,000	1,519,000	960,000
Less: Developer Funded	-	-	-	-	-	-	-	(326,000)	(1,209,000)	(815,000)
Total Expenditures	306,626	145,222	688,257	711,500	745,000	1,630,000	1,985,000	1,445,000	350,000	185,000
Surplus (Deficit) from Capital	(194,376)	(36,594)	(377,839)	(330,581)	(409,439)	(674,963)	(1,029,463)	(488,963)	606,537	22,037
Fund Balance Summary										
Beginning Fund Balance	4,435,519	4,224,969	4,320,863	4,035,744	3,255,739	2,920,015	2,421,455	1,690,183	1,428,668	2,191,157
Net from Operations	(16,174)	132,488	92,720	(449,425)	73,715	176,403	298,191	227,448	155,952	138,681
Net from Capital	(194,376)	(36,594)	(377,839)	(330,581)	(409,439)	(674,963)	(1,029,463)	(488,963)	606,537	22,037
Ending Fund Balance	4,224,969	4,320,863	4,035,744	3,255,739	2,920,015	2,421,455	1,690,183	1,428,668	2,191,157	2,351,875
Minimum Cash Reserves	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000

Assumes 57 units in 2013, 50 units in 2014, and an average of 30 units/year thereafter.
 Assumes sewer operating revenues will increase 0.7% per year as a result of growth (same assumption as rate study).
 Assumes sewer operating expenditures will increase 2.5% per year as a result of inflation (same assumption as rate study).
 Assumes staffing level of 5.6 FTE.

Conclusion: Under this model, the \$1.7 million minimum cash reserves would be maintained by increasing rates by 10% annually from 2014 through 2016, and borrowing \$750,000 per year from 2015 through 2018 (\$3 million total), assuming average rate of 4% and 20 year maturities.

Version 5 - 3.5% Rate Increases / No New Debt

City of Stanwood
Projected Cash Flow
Through 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operations										
Revenues										
Rate Revenues - Existing	\$ 1,568,685	\$ 1,534,882	\$ 1,551,702	\$ 1,562,874	\$ 1,573,971	\$ 1,585,146	\$ 1,596,242	\$ 1,607,416	\$ 1,618,667	\$ 1,629,998
Proposed Rate Increases	\$ -	\$ -	\$ -	\$ -	\$ 55,089	\$ 112,902	\$ 173,540	\$ 237,131	\$ 303,802	\$ 373,686
Non-rate Revenues	6,744	3,504	2,957	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Total Revenues	\$ 1,575,429	\$ 1,538,386	\$ 1,554,659	\$ 1,566,874	\$ 1,633,060	\$ 1,702,048	\$ 1,773,782	\$ 1,848,546	\$ 1,926,469	\$ 2,007,684
Expenditures										
Operating Expenses	900,948	717,202	775,202	893,534	1,082,752	1,112,259	1,142,576	1,173,726	1,205,733	1,238,619
Existing Debt Service	690,655	688,696	686,737	1,122,765	578,900	578,365	577,831	577,296	576,761	576,227
New Debt Service	-	-	-	-	-	-	-	-	-	-
Total Expenses	1,591,603	1,405,898	1,461,939	2,016,299	1,661,652	1,690,624	1,720,407	1,751,022	1,782,494	1,814,846
Surplus (Deficit) from Operations	(16,174)	132,488	92,720	(449,425)	(28,593)	11,424	53,375	97,525	143,975	192,838
Capital										
Revenues										
Connection Fees	11,250	7,000	23,000	28,500	25,000	15,000	15,000	15,000	15,000	15,000
Plant Investment Fees	87,818	90,776	278,356	344,919	302,561	181,537	181,537	181,537	181,537	181,537
New Debt Proceeds	-	-	-	-	-	-	-	-	-	-
Interest	13,182	10,852	9,062	7,500	8,000	8,500	9,000	9,500	10,000	10,500
Total Revenues	112,250	108,628	310,418	380,919	335,561	205,037	205,537	206,037	206,537	207,037
Expenditures										
Equipment Replacement	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Capital Projects	266,626	105,222	648,257	671,500	500,000	500,000	500,000	626,000	1,709,000	1,315,000
Less: Developer Funded	-	-	-	-	-	-	-	(126,000)	(1,209,000)	(815,000)
Total Expenditures	306,626	145,222	688,257	711,500	540,000	540,000	540,000	540,000	540,000	540,000
Surplus (Deficit) from Capital	(194,376)	(36,594)	(377,839)	(330,581)	(204,439)	(334,963)	(334,463)	(333,963)	(332,463)	(332,963)
Fund Balance Summary										
Beginning Fund Balance	4,435,519	4,224,969	4,320,863	4,035,744	3,255,739	3,022,707	2,699,168	2,418,080	2,181,642	1,992,154
Net from Operations	(16,174)	132,488	92,720	(449,425)	(28,593)	11,424	53,375	97,525	143,975	192,838
Net from Capital	(194,376)	(36,594)	(377,839)	(330,581)	(204,439)	(334,963)	(334,463)	(333,963)	(332,463)	(332,963)
Ending Fund Balance	4,224,969	4,320,863	4,035,744	3,255,739	3,022,707	2,699,168	2,418,080	2,181,642	1,992,154	1,852,028
Minimum Cash Reserves	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000

Attachment F

Assumes 57 units in 2013, 50 units in 2014, and an average of 30 units/year thereafter.
 Assumes sewer operating revenues will increase 0.7% per year as a result of growth (same assumption as rate study).
 Assumes sewer operating expenditures will increase 2.5% per year as a result of inflation (same assumption as rate study).
 Assumes staffing level of 5.6 FTE.

Conclusion: Under this model, the \$1.7 million minimum cash reserves would be maintained by increasing rates by 3.5% annually from 2014 through 2019, and spending \$500,000 per year (net of developer funded) on capital projects.

City of Stanwood **Version 6 - 4.55% Rate Increases / No New Debt**
Sewer Projected Cash Flow
Through 2019

Attachment G

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operations										
Revenues										
Rate Revenues - Existing	\$ 1,568,685	\$ 1,534,882	\$ 1,551,702	\$ 1,562,874	\$ 1,645,586	\$ 1,732,676	\$ 1,824,193	\$ 1,920,544	\$ 2,021,985	\$ 2,128,783
Rate Revenues - Existing	\$ 1,568,685	\$ 1,534,882	\$ 1,551,702	\$ 1,562,874	\$ 1,573,971	\$ 1,585,146	\$ 1,596,242	\$ 1,607,416	\$ 1,618,667	\$ 1,629,998
Proposed Rate Increases	\$ -	\$ -	\$ -	\$ -	\$ 71,616	\$ 147,530	\$ 227,951	\$ 313,129	\$ 403,317	\$ 498,785
Non-rate Revenues	6,744	3,504	2,957	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Total Revenues	\$ 1,575,429	\$ 1,538,386	\$ 1,554,659	\$ 1,566,874	\$ 1,649,586	\$ 1,736,676	\$ 1,828,193	\$ 1,924,544	\$ 2,025,985	\$ 2,132,783
Expenditures										
Operating Expenses	900,948	717,202	775,202	893,534	1,044,999	1,073,373	1,102,524	1,132,473	1,163,241	1,194,853
Existing Debt Service	690,655	688,696	686,737	1,122,765	578,900	578,365	577,831	577,296	576,761	576,227
New Debt Service	-	-	-	-	-	-	-	-	-	-
Total Expenses	1,591,603	1,405,898	1,461,939	2,016,299	1,623,899	1,651,738	1,680,355	1,709,769	1,740,002	1,771,080
Surplus (Deficit) from Operations	(16,174)	132,488	92,720	(449,425)	25,687	84,938	147,838	214,776	285,982	361,702
Capital										
Revenues										
Connection Fees	11,250	7,000	23,000	28,500	25,000	15,000	15,000	15,000	15,000	15,000
Plant Investment Fees	87,818	90,776	278,356	344,919	302,561	181,537	181,537	181,537	181,537	181,537
New Debt Proceeds	-	-	-	-	-	-	-	-	-	-
Interest	13,182	10,852	9,062	7,500	8,000	8,500	9,000	9,500	10,000	10,500
Total Revenues	112,250	108,628	310,418	380,919	335,561	205,037	205,537	206,037	206,537	207,037
Expenditures										
Equipment Replacement	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Capital Projects	266,626	105,222	648,257	671,500	515,000	660,000	1,100,000	510,000	480,000	540,000
Less: Developer Funded	-	-	-	-	-	-	-	-	-	-
Total Expenditures	306,626	145,222	688,257	711,500	555,000	700,000	1,140,000	550,000	520,000	580,000
Surplus (Deficit) from Capital	(194,376)	(36,594)	(377,839)	(330,581)	(219,439)	(494,963)	(934,463)	(343,963)	(313,463)	(372,963)
Fund Balance Summary										
Beginning Fund Balance	4,435,519	4,224,969	4,320,863	4,035,744	3,255,739	3,061,986	2,651,962	1,865,337	1,736,149	1,708,669
Net from Operations	(16,174)	132,488	92,720	(449,425)	25,687	84,938	147,838	214,776	285,982	361,702
Net from Capital	(194,376)	(36,594)	(377,839)	(330,581)	(219,439)	(494,963)	(934,463)	(343,963)	(313,463)	(372,963)
Ending Fund Balance	4,224,969	4,320,863	4,035,744	3,255,739	3,061,986	2,651,962	1,865,337	1,736,149	1,708,669	1,697,408
Minimum Cash Reserves	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000

Assumes 57 units in 2013, 50 units in 2014, and an average of 30 units/year thereafter.
 Assumes sewer operating revenues will increase 0.7% per year as a result of growth (same assumption as rate study).
 Assumes sewer operating expenditures will increase 2.5% per year as a result of inflation (same assumption as rate study).
 Assumes staffing level of 5.8 FTE, including the addition of Asst PW Director.

Conclusion: Under this model, the \$1.7 million minimum cash reserves would be maintained by increasing rates by 4.55% annually from 2014 through 2019, and spending an average of \$635,000 per year (net of developer funded) on capital projects.

**City of Stanwood
Sewer - Projected Capital Projects
2014 through 2019**

Attachment H

Description	Total	2014	2015	2016	2017	2018	2019
Basin/pipe eval. - smoke test (\$95k)	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -
Flow monitoring (\$5k/yr)	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -
Basin 4 Gravity Flow (\$80k)	\$ 80,000	\$ -	\$ -	\$ -	\$ 80,000	\$ -	\$ -
Upper Pioneer Highway (\$620k)	\$ 620,000	\$ -	\$ -	\$ -	\$ -	\$ 80,000	\$ 540,000
Sewer Line Cleaning	\$ 45,000	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Deficiency 281st Street (Ex10a)	\$ 180,000	\$ 180,000	\$ -	\$ -	\$ -	\$ -	\$ -
Existing Deficiency 274th and 80th Streets (Ex10b)	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ -
Existing Deficiency 272nd and 99th Streets (Ex10c)	\$ 330,000	\$ -	\$ -	\$ -	\$ 330,000	\$ -	\$ -
Biosolids Removal	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -
Biosolids Utilization Study/Construction	\$ 810,000	\$ 110,000	\$ 100,000	\$ 600,000	\$ -	\$ -	\$ -
WWTP Replacement/Repair/Upgrade	\$ 400,000	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -
Viking Way (\$260k)	\$ 260,000	\$ 30,000	\$ 230,000	\$ -	\$ -	\$ -	\$ -
90th (\$260k)	\$ 260,000	\$ 30,000	\$ 230,000	\$ -	\$ -	\$ -	\$ -
Totals	\$ 3,805,000	\$ 515,000	\$ 660,000	\$ 1,100,000	\$ 510,000	\$ 480,000	\$ 540,000

**City of Stanwood
Sewer - Projected Staffing
2013 through 2019**

Attachment I

Description	Proposed 2013	2014	2015	2016	2017	2018	2019
City Administrator (20%)	\$ 32,887	\$ 34,000	\$ 35,020	\$ 36,071	\$ 37,153	\$ 38,267	\$ 39,415
PW Director (20%)	\$ 25,281	\$ 28,782	\$ 29,646	\$ 30,535	\$ 31,451	\$ 32,395	\$ 33,366
Assistant PW Director (20%)	\$ -	\$ 24,465	\$ 25,199	\$ 25,955	\$ 26,733	\$ 27,535	\$ 28,361
Lead (100%)	\$ 101,079	\$ 104,000	\$ 107,120	\$ 110,334	\$ 113,644	\$ 117,053	\$ 120,565
WW Treatment Plant Operator II (100%)	\$ 82,500	\$ 85,000	\$ 87,550	\$ 90,177	\$ 92,882	\$ 95,668	\$ 98,538
WW Treatment Plant Operator II (100%)	\$ 82,500	\$ 85,000	\$ 87,550	\$ 90,177	\$ 92,882	\$ 95,668	\$ 98,538
PW III (100%)	\$ 72,900	\$ 75,000	\$ 77,250	\$ 79,568	\$ 81,955	\$ 84,413	\$ 86,946
Admin (20%)	\$ 12,783	\$ 13,500	\$ 13,905	\$ 14,322	\$ 14,752	\$ 15,194	\$ 15,650
Totals	\$ 409,930	\$ 449,747	\$ 463,239	\$ 477,137	\$ 491,451	\$ 506,194	\$ 521,380

2013 Residential Monthly Utility Rate Comparison Snohomish County Cities

*Comparison is based on a single family residence using 600 Cubic Feet of water per month.

*Garbage & Recycle are based on weekly pick-up of 32-35 gallon can supplied by customer

City	Base		Excess		Sewer	Garbage	Recycle	Stormwater	Total Bill		Consump. Inc in Base	Excess Charge Rate /100 CF
	Water Rate	Consumption	Consumption	Before Taxes					+ Taxes			
Sultan	\$34.77	\$0.00	\$0.00	\$74.47	\$21.28	\$8.85	\$9.25	\$148.62	\$157.22	600 CF	\$3.15	
Snohomish	\$21.46	\$15.84	\$6.64	\$85.83	\$14.80	\$6.64	\$11.72	\$156.29	\$164.17	200 CF	\$3.96	
Monroe	\$21.11	\$5.06	\$4.41	\$72.72	\$14.46	\$4.41	\$10.50	\$128.26	\$131.40	400 CF	\$2.53	
Marysville	\$10.47	\$11.40	Included	\$39.03	\$24.61	Included	\$10.61	\$96.12	\$97.01	0	\$1.90 **	
Lake Stevens	\$19.87	\$18.30	Included	\$75.00	\$17.01	Included	\$8.67	\$138.85	\$139.46	0	\$3.05	
Granite Falls	\$26.50	\$2.67	Included	\$55.00	\$18.87	Included	\$9.00	\$112.04	\$112.72	500 CF	\$2.67	
Arlington	\$32.15	\$8.82	Included	\$70.15	\$17.01	Included	\$6.89	\$135.02	\$135.63	300 CF	\$2.94	
Stanwood	\$21.05	\$0.00	Included	\$35.89	\$21.50	Included	\$12.25	\$90.69	\$96.60	600 CF	\$2.76	
Stanwood metered sewer excess charge											100 CF =	\$5.01

Tax Rates/Notes:

Sultan	6% utility tax on water, sewer, garbage.	3.6% state refuse tax on garbage.
Snohomish*	5.33% utility tax on *water, *sewer, garbage. (metered sewer) *rates calced at 2 units monthly included in base fee (billed as 4 units bi-monthly)	3.6% state refuse tax on garbage.
Monroe	10% utility tax on water.	3.6% state refuse tax on garbage.
Marysville	No utility tax. **Tier 1 & 2 consumption rate combined based on 1600 cf bi-monthly / 2	3.6% state refuse tax on garbage.
Lake Stevens	No utility tax.	3.6% state refuse tax on garbage.
Granite Falls	25% utility tax on water and sewer + \$2 surcharge on water (included in base fees)	3.6% state refuse tax on garbage.
Arlington	5% utility tax on water and sewer (included in base fees)	3.6% state refuse tax on garbage.
Stanwood	10.7% utility tax on water, 6% on sewer, 6% on drainage (metered sewer) *600 CF of metered sewer included in base fee (billed as 1200 cf bi-monthly)	3.6% state refuse tax on garbage.