

Southwest Suburban Sewer District

2010 Sewer Rate Considerations

Southwest Suburban Sewer District

- District Background...

Southwest Suburban Sewer District

- The District owns, operates and maintains a 270 mile domestic wastewater collection system and two wastewater treatment plants treating approximately 5.5 million gallons per day.
- SWSSD service area covers approximately 13.1 square miles. The service area is within the incorporated cities of Burien, Normandy Park, Des Moines, SeaTac, Seattle and unincorporated King County.
- We provide sewer service for approximately 28,000 customers which include residential, commercial, apartments, schools and wholesale customers.

Southwest Suburban Sewer District

- Your Sewer Bill...

Southwest Suburban Sewer District

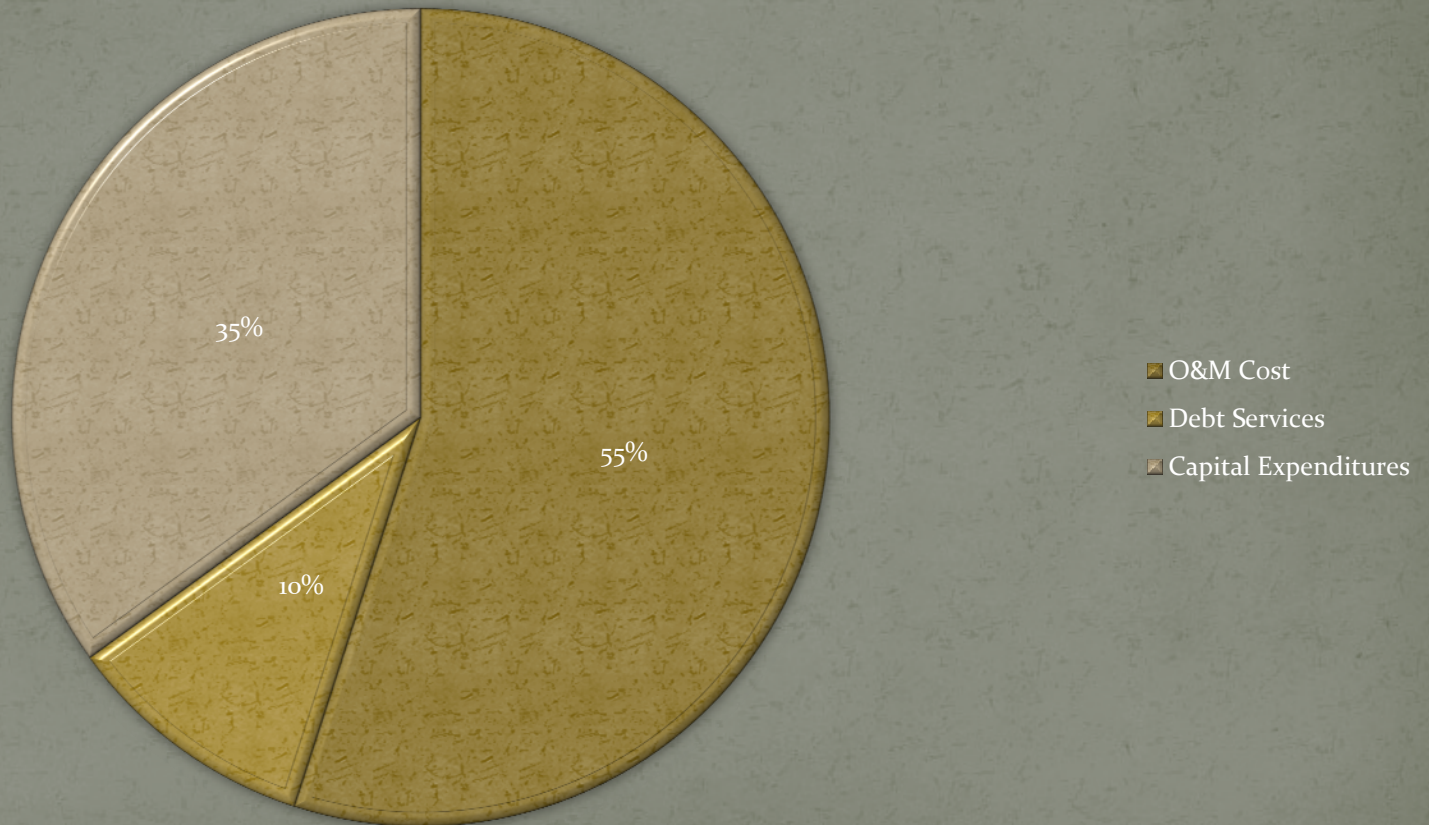
- SWSSD generates approximately 7.5 million dollars per year of revenue.
- The majority of this income (approximately 85%) comes from the residential ratepayer via your bi-monthly sewer bill.
- The other 15% comes from wholesale customers, permit fees, interest and facility charges.

Southwest Suburban Sewer District

- 55% of the revenue goes to Operations and Maintenance (O&M) of the two wastewater treatment plants, the collection system and administrative cost.
- 10% of the revenue goes to Dept Services, paying Public Works Trust Fund Loans and issued Bonds.
- The remaining 35% is for Capitol Expenditures (a maintenance fund for capitol improvement projects).

Southwest Suburban Sewer District

Annual Budget

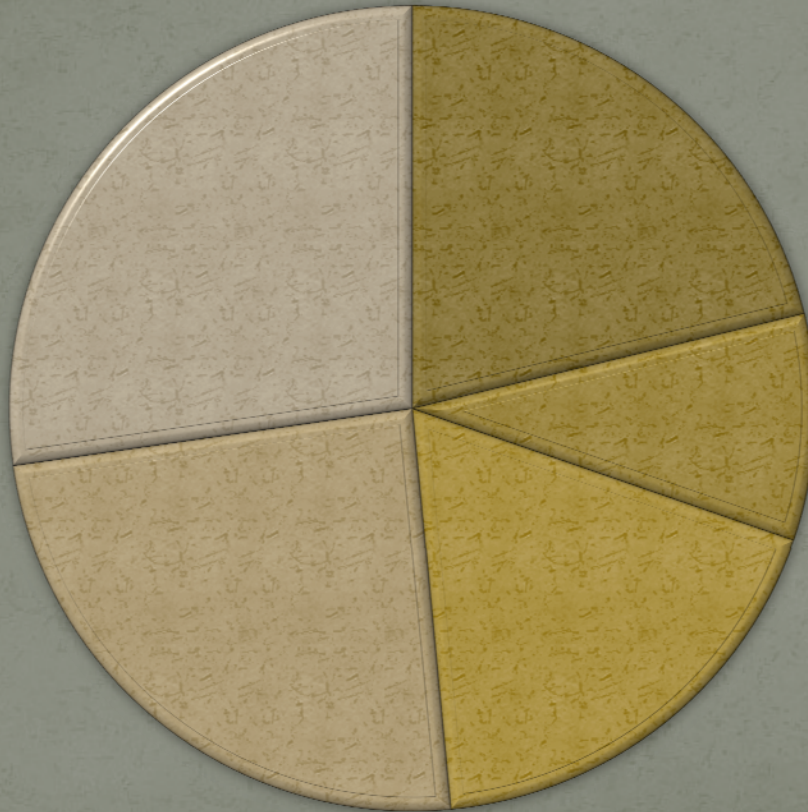


Southwest Suburban Sewer District

- Staffing...

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33 District Employees



- Administration - 7
- Inspection - 3
- Sewer Dept. - 6
- Operations - 8
- Maintenance - 9

Southwest Suburban Sewer District

- In a statewide survey conducted recently comparing the amount of customers per employee for Wastewater Districts that also have wastewater treatment plants, SWSSD has the highest amount of customers served per employee.
- The statewide average is 517 customers per employee.
- SWSSD has 848 customers per employee. (33 employees providing sewer service for approximately 28,000 customer.)
- Furthermore, SWSSD is one of only two Districts in the state operating and maintaining two wastewater treatment plants. This requires two separate treatment plant staffs.

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- **SALARIES:**
- In 2008, Alderwood Water & Sewer District conducted a regional salary survey of Utility Districts and Cities which included King, Pierce, Snohomish and Thurston Counties.
- The represented employees (Union) of SWSSD salaries fell in to the upper end of their specific positions of comparably sized Districts.
- With that said, because most District and City positions are union, their all generally in the same range.
- In the same survey, the District Manager's salary is currently greater than 20% below the King County average and is the third lowest in the survey.

Southwest Suburban Sewer District

- Sewer District Physical Condition...

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- Because the Burien/White Center area is an older established neighborhood, the majority of the sewer lines are made from concrete that were installed in the 1950's. These old sewer lines have a life expectancy of approximately 50 years.
- Today's sewer pipe materials are made from PVC and ductile iron and have a much longer life expectancy.
- See Map.

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- **SEWER RATES:**
- SWSSD has the second lowest sewer rates in all of King County.
- The current (January 2010) King County monthly sewer rate average is \$46.81 and SWSSD's current sewer rate is \$21.50.
- SWSSD's current sewer rate is 54% lower than the King County Average.

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- **FACTS TO THIS POINT:**
- SWSSD is an older District with old treatment plant and sewer lines that need repair and replacement.
- SWSSD has a high percentage of sewer lines that are concrete and have outlived their life expectancy.
- The treatment plants were constructed in the 1950's, partially updated in the early 1970's, again in the late 1980's, and again are needing attention.

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- **ADDITIONAL FACTS:**

- SWSSD's staff serves more customers per employee than any other District in the state of Washington.
- SWSSD has the second lowest sewer rates in all of King County. This can only be accomplished by running as efficiently and effectively as possible.
- Even with the low staffing levels that we have, SWSSD consistently receives awards from the Department of Ecology for being 100% compliant.

Southwest Suburban Sewer District

- *The responsibility of the District is to provide quality sewer service at the lowest possible sewer rate.*
- **This means:**
- Well maintained sewer lines and pump stations.
- Well maintained wastewater treatment plants and meeting all of the Department of Ecology and EPA requirements.
- Providing efficient and effective administrative services. Which includes inspection, construction, planning, billing, permitting and customer service.

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- *What happens if we put off repairing and replacing old treatment plant equipment and old sewer lines?*
- The longer we put off the necessary repairs and replacement of aged obsolete equipment, the more it's going to cost in the long run.
- If we put off these repairs until later when they have failed, the cost will be much greater and it will be necessary for much larger rate increases.

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- *The philosophy of the Board of Commissions, General Manager and the District Staff is to:*
- Operate the District efficiently & effectively as possible.
- Keep all cost as low as possible.
- Take pride and ownership in our jobs.
- All projects and task are performed with long term considerations.
- and remember that we work for the rate payer.

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- SWSSD's Financial Condition...

Southwest Suburban Sewer District

	2009	2010	2011	2012	2013
Beginning Balance	4,876,479	3,620,463	2,398,457	1,299,020	-18,973
Cash from Revenue	7,670,833	7,668,516	7,698,576	7,772,615	7,857,328
Adjusted Balance	<u>12,547,312</u>	<u>11,288,980</u>	<u>10,097,034</u>	<u>9,071,635</u>	<u>7,838,356</u>
Estimated Expenses Paid	8,926,848	8,890,522	8,798,013	9,090,608	9,326,932
Estimated Available Funds	3,620,463	2,398,457	1,299,020	-18,973	-1,488,576

Southwest Suburban Sewer District

- Prior to a rate increase discussions, Management and the Board of Commissioners took into consideration:
- Staffing levels and salaries.
- District spending habits.
- District condition (physically and financially).
- Long term planning.
- It's commitment to the rate payer and the environment.
- And mostly, the current economical times and how these tough times have affected our rate payers. Especially those on a fixed income.

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- We spent the last several months evaluating critical equipment, facilities and infrastructure to determine what must absolutely be repaired or replaced, and what could be postponed to a future time.

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- We also spent a considerable amount of time reviewing, evaluating and trimming equipment & projects from the 2010 Annual Budget that were not absolutely critical or necessary.

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- The Board of Commissioners was then presented with a number of rate adjustment scenarios.
- Each of the scenarios indicated the rate increase's affect on the Annual Budget.

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- What Rate Increase is necessary to assure financial stability of the District?

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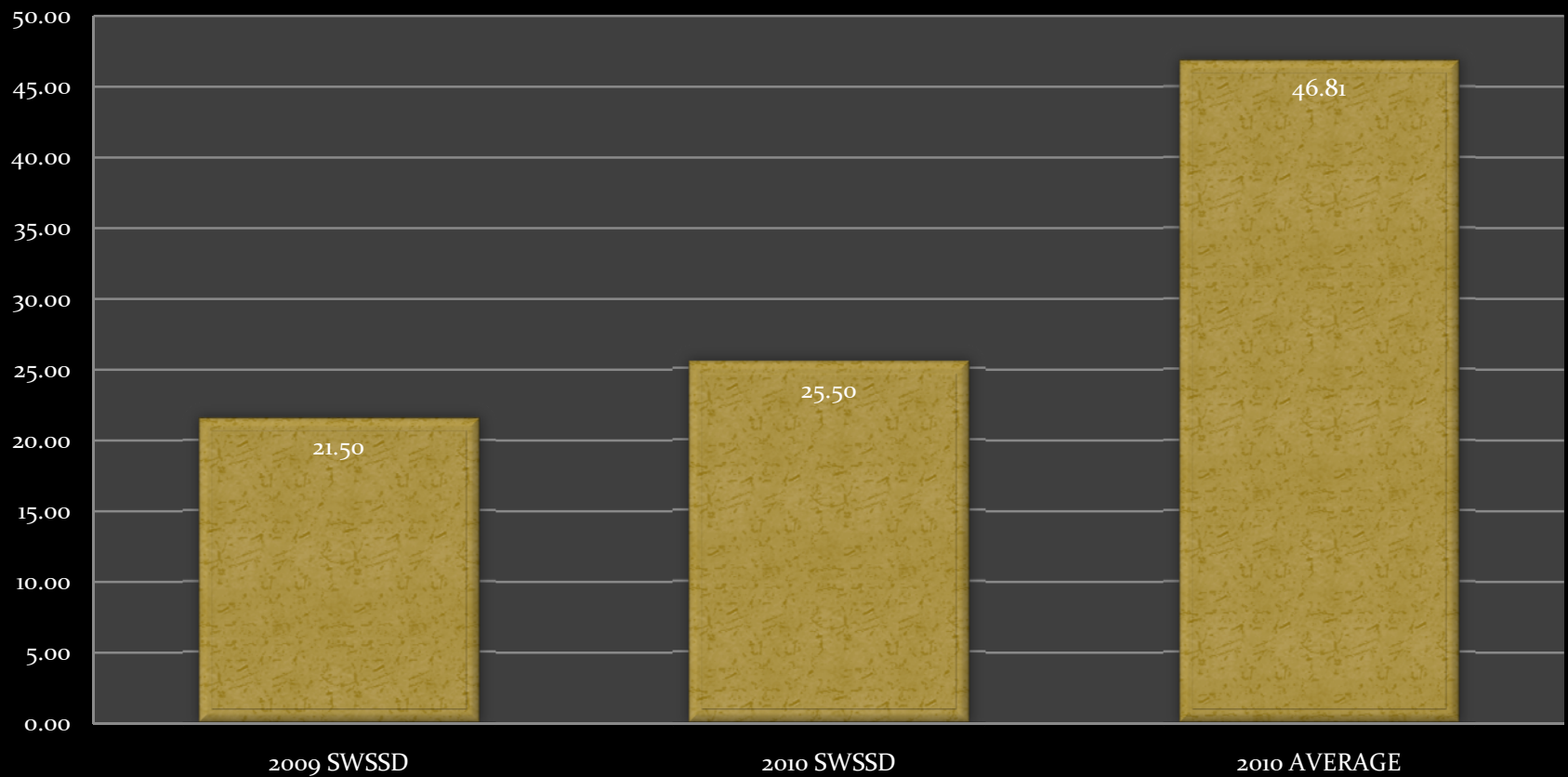
- With all thing considered, I have recommended and requested from the Board of Commissioners an increase of \$4/month.

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	2009	2010	2011	2012	2013
Monthly Revenue Requirements Per Residential Sewer Connection	\$ 25.48	\$ 25.31	\$ 26.28	\$ 26.22	\$ 26.54

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Sewer Rate



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	2009	2010	2011	2012	2013
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Cash from Revenue	7,670,833	7,668,516	7,698,576	7,772,615	7,857,328
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Estimated Available Funds	3,620,463	2,398,457	1,299,020	-18,973	-1,488,576

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	2009	2010	2011	2012	2013
Beginning Balance	4,876,479	3,620,463	3,457,981	3,629,498	3,597,545
Cash from Revenue	7,670,833	8,703,040	8,969,530	9,058,655	9,158,553
Adjusted Balance	<u>12,547,312</u>	<u>12,323,503</u>	<u>12,427,511</u>	<u>12,688,153</u>	<u>12,756,098</u>
Estimated Expenses Paid	8,926,848	8,865,522	8,798,013	9,090,608	9,326,932
Estimated Available Funds	3,620,463	3,457,981	3,629,498	3,597,545	3,429,166

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- Thank you... Any questions?