



Small Town. Real Life.

Sewer Utility Rate Discussion

SEWER SERVICE

Duvall currently has approximately 2,300 residential customers and 90 commercial users of its sewer system. The sewer rate is for both collection and treatment of the sewer flow. "Collection" is the piping network and pump stations from the customer to the wastewater treatment plant. "Treatment" at the treatment plant converts the sewer flow into clean water that is discharged to the Snoqualmie River and biomass solids which are hauled off to an approved disposal facility.

SEWER COST ITEMS OUT OF OUR CONTROL

- Previous debt.
- Bond rating obligations previously pledged by Duvall. We guaranteed to increase rates if we could not maintain our debt and operational obligations.
- Requirements from permitting agencies which include stringent environmental/health regulations. The City is subject to federal pollution control regulations and must discharge its treated sewer waste into the Snoqualmie River in accordance with the terms of a National Pollutant Discharge Elimination System (NPDES) permit administered by the Washington State Department of Ecology (WDOE).

SEWER BASICS

Duvall is a "consumption based" small municipal sewer system provider. Our costs fund basic sewer needs including:

- Personnel (2% increase for 2015)
- Benefits
- Consumables & process materials (CPI increase annually)
- Power to process (CPI annually)
- Monthly Bill processing
- Inflow & Infiltration (25% of our flows are attributable to nobody, rainwater)

Revenue to fund the sewer system include monthly sewer fees and facilities connection charge (GFC):

- Total revenues must be maintained to operate the sewer system.
- 96.4% of monthly sewer fee revenue is residential.
- 3.6% of monthly sewer fee revenue is commercial.
- If we change the distribution between residential and commercial fees, rates could dramatically change (for example, decrease Res. by 10% = Increase Comm. by 320%)
- If we decrease total amount of monthly rates, the difference has to be made up by the GFC's. This would increase the charge which currently is \$9,474.

RATE BASICS

Sewer monthly charge:

- Residential = \$69.70
- Commercial = \$69.70 + \$2.54 per 100 ft³
- Commercial users do pay more based on consumption.
- Flows are irregular and we have too few customers to have a mathematically sustainable approach to base rates on consumption.

10% Residential rate drop example (results in increase in commercial rates).

- Residential Revenue: was: \$1,751,800 could be: \$1,576,620
- Commercial Revenue: was: \$80,000 could be: \$255,180
Total \$1,831,800 \$1,831,800

- Residential: was \$69.70
 Could be \$62.74 per month

- Commercial could be: Restaurant = was: \$300 could be: \$960 (\$11,520 / yr)
 Grocery chain = was: \$450 could be: \$1,440 (\$17,280 / yr)

SEWER CAPACITIES

1.3 MGD with 3 trains (serves approximately a population of 9,800)

1.75 MGD with 4 trains (future expansion)

Current flows: Summer: 0.4 MGD
 Winter: 0.75MGD

RATE METHODOLOGY

Based on history and “equity” the rates have been created to try and balance the heavy residential load the city must treat relative to the very low commercial customers we serve. A slight tipping of the fees from residential to commercial does not provide straight across equity and has a dramatic change to the fee structure. Further pushing rates down will increase the costs for new connections which are already high and may further curb development within Duvall.

The option of variable rates for all customers based directly on water consumption has been discussed in the past. However, this approach may penalize users with high irrigation or other non-sewer water use. The revenue and expenditure flows for a small municipality or operator are critical and swings on a monthly basis of high and low charges make business very difficult to manage. In addition, because the sewer system costs are relatively fixed, fluctuations in flow-based rates would require a higher contingency, frequent rate evaluations and possible rate changes, and possible higher rates to cover shortfalls. Smaller operators such as Duvall tend to charge against a fixed fee structure because of these concerns. [More info at <http://www.duvallwa.gov/162/Sewer-System-Information>]