

January 2007

# Update

Wastewater  
Financial  
Plan and  
Rate Study



## February 7 and 8, 2007 Public Meetings Scheduled:

*The new reality for wastewater costs, rates, and charges*

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Over the past five years, our region has been engaged in development of **new Spokane River water quality requirements**. Constructing a new state of the art Spokane County Water Reclamation Facility in the Spokane Valley, and paying our share of upgrades at the City of Spokane Riverside Park Water Reclamation Facility, will contribute to meeting these requirements. The new facility will provide for completion of the County septic tank elimination program, continued regional growth, as well as meeting water quality requirements.

Spokane County entered centralized wastewater management in 1980, with sewer rates of \$7.50 per month. Since then, we raised our rates as needed in order to keep pace with the costs of operating and maintaining the system. In addition, we now have a Wastewater Treatment Plant Charge of \$6.68 per month that is used to pay for improvements necessary to meet current water quality standards. We have worked very hard to improve efficiencies, eliminate maintenance problems, and keep costs of operations low.

However, **we are about to enter a new reality for wastewater costs, rates, and charges**. Spokane County will be funding all costs for the new County facility and a proportional share (22.7 percent) of improvements at the City's facility. Recently, a plan was submitted to the Washington State Department of Ecology with a proposal to meet water quality requirements, which includes a projected cost estimate for capital improvements.

Even though we do not yet know what the new rates and charges will be, **it is clear that Spokane County will need significant increases to monthly sewer service charges, wastewater treatment plant charges, and General Facilities Charges** to provide revenues necessary to construct and operate these facilities and meet water quality requirements. We know increased sewer rates and charges will not be popular. However, we encourage you to compare the value of protecting ground and surface waters in our community to the value you place on satellite television, cable television, cell phone, and high speed internet services, or other monthly costs you incur.

You are invited to attend the February 7th or February 8th public meeting to learn more about the program and financial plan and rate study process being started, and to provide comments on a low-income senior and disabled customer discount being considered. An opportunity to ask questions and provide comments will follow the staff presentation.

YOUR COMMENTS AND PERSPECTIVES ARE IMPORTANT.

## PUBLIC MEETINGS Financial Plan & Rate Study

### NORTH

Wednesday, February 7, 2007

7:00 p.m. - 9:00 p.m.

Evergreen Elementary  
215 W. Eddy Avenue  
Multi-purpose Room

### VALLEY

Thursday, February 8, 2007

7:00 p.m. - 9:00 p.m.

North Pines Junior High  
701 N. Pines Road  
Cafeteria

## HOW DO CUSTOMERS PAY FOR SEWER SERVICE?

Spokane County currently uses four types of sewer rates and charges, as described below.

### Monthly Sewer Service Charges

are rates paid by all sewer customers. They are based on the cost of service to each customer class – residential, commercial, multi-family, and mobile home parks. They pay for operation and maintenance of the collection system and treatment plants.

### General Facilities Charges (GFCs)

are paid once by each new customer at the time of connection, based on the proportional share of system capacity used. Commercial customers pay additional GFCs for increased flows. GFCs are used to finance construction of major pipelines, pumping stations, and treatment plants.

### Wastewater Treatment Plant Charges (WTPC)

are rates paid monthly by each sewer customer. They pay for the County's share of upgrades at the City of Spokane facility, and will help pay for the new County facility.

### Capital Facilities Rates (CFRs)

pay for installation of sewer systems in neighborhoods as part of the County's Septic Tank Elimination Program. These rates are paid by owners of properties served by the Program following construction of the sewer system in their area. The GFC is included for each new customer. This rate is set each year by the Board of County Commissioners based on the cost of construction, minus the available grant funds and subsidies.

## WHAT IS THE PROCESS AND SCHEDULE FOR ADOPTING NEW RATES AND CHARGES?

Spokane County Utilities is just starting to update our financial plan and rate studies, by holding the first set of public meetings on February 7th and 8th. After the public meetings, we will consider public comments and work with our consultant, Financial Consulting Solutions Group, to:

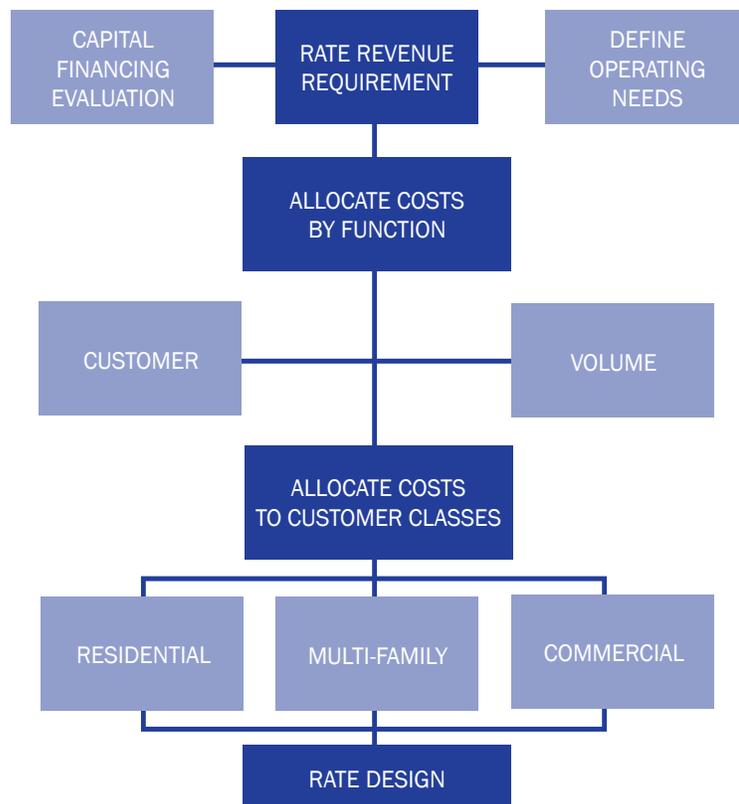
- collect financial and customer data,
- refine financial analysis for various alternatives,
- develop several alternative rate and charge scenarios,
- hold a second set of **public meetings (late spring 2007)** to present proposed rate alternatives and gather public comments,
- refine our work and present it to the Board of County Commissioners, and
- hold a **public hearing (early summer 2007)** for the Board of County Commissioners to consider adoption of proposed rates and charges.

## HOW IS COST OF SERVICE DETERMINED?

A cost of service rate study is initiated to equitably distribute the sewer system operating and capital costs to the various types of customer classes (e.g., residential, multi-family, commercial). It first determines the proportions of the system that is used for each type of system demand, and then determines who is responsible and to what degree. Using statistics from the County's utility billing system, along with sewer system planning documents, the cost of service analysis allocates a proportionate share of each cost to each customer class, based on number of customers and volume.

The final step in determining cost of service is developing the rate design. Rates are set to recover the fair share of costs from each customer class. Key considerations during the study's rate design phase are equity, understandability, and financial impacts. Final rates are designed to collect the required revenue to operate the sewer system, while minimizing rate impacts to customers.

## COST OF SERVICE RATE STUDY PROCESS



## HOW MUCH WILL RATES AND CHARGES GO UP?

At this time, we only have an estimate of how much money will be required for capital improvements and operations/maintenance costs. The impact on rates and charges will not be known until the 2007 wastewater financial plan and rate study is completed. We anticipate that new rates and charges will be adopted by the Board of County Commissioners in early summer 2007.

## RATES FOR LOW-INCOME SENIORS AND DISABLED CUSTOMERS

In conjunction with the 2007 wastewater financial plan and rate study, Spokane County is considering a discounted sewer service rate for low-income seniors and low-income disabled customers. If a discounted rate is established, eligibility will be tied to specific criteria similar to how we determine eligibility for property tax exemptions. We look forward to hearing your comments on this possible rate provision.

## COST AND PAYMENT CONSIDERATIONS

During the 2007 wastewater financial plan and rate study, alternatives will be developed regarding how the new wastewater facilities and required water quality protection programs might be paid for. In the meantime, here are a few answers to questions you might have.

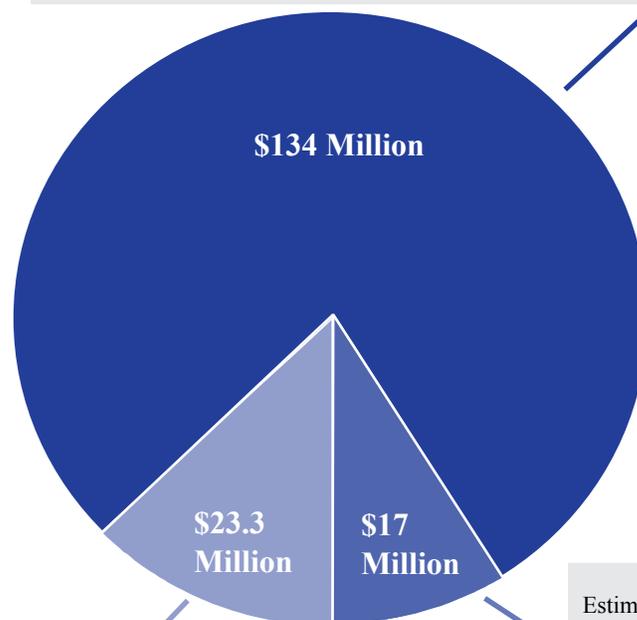
**Who Will Pay?** Monthly sewer service charges are paid by all customers, and General Facilities Charges are paid by new customers. Therefore, the costs for construction of the new facilities will be spread across existing and new customers. The costs of operations and maintenance will be paid by all customers connected to the sewer system.

**Are There Any Grants Or Other Sources Of Funding?** At this time, no grants are anticipated to be available to offset the cost of these projects. However, Spokane County has secured a State Revolving Fund Loan through the Washington State Department of Ecology in the amount of \$73.4 million. The interest rate will range from 1.5 percent to 3 percent, which will reduce the cost of financing the project.

In addition, county voters in the Spokane Valley-Rathdrum Prairie Aquifer area reauthorized the Aquifer Protection Area (APA) Fees for a 20-year period beginning in 2006. These fees will help offset the cost of the septic tank elimination program, and provide some funding to offset the cost of treatment plant projects to meet water quality requirements. The amount of APA Fees that will be available to the treatment plant project will be estimated in the 2007 financial planning work.

**How Much Is It Going To Cost?** Spokane County has developed cost estimates associated with constructing new facilities and implementing new programs to provide needed capacity and meet new Spokane River water quality requirements:

New Spokane County Water Reclamation Facility, including influent pipes, pumping stations, treatment processes, and outfall; providing 8 million gallons per day of new capacity.



Spokane County's 22.7 percent share of improvements at Riverside Park Water Reclamation Facility through year 2012.

Estimated cost allowance from 2007 to 2012 for new County programs that may include water conservation, reclaimed water use, and water quality compliance activities.

**Mark your calendars**  
**PUBLIC MEETINGS**  
**Financial Plan & Rate Study**

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**WHERE CAN I GET MORE INFORMATION?**

- △ More information about the Spokane County Wastewater Facilities Plan can be obtained at [www.spokanecounty.org/utilities/wwfp/](http://www.spokanecounty.org/utilities/wwfp/).
- △ More information about current Spokane County Rates and Charges can be obtained at [www.spokanecounty.org/utilities/admin/](http://www.spokanecounty.org/utilities/admin/).
- △ More information about the water quality issues and requirements in the Spokane River can be obtained at [www.client-ross.com/spokane-river/](http://www.client-ross.com/spokane-river/) and at [www.ecy.wa.gov/programs/wq/tmdl/spokaneriver/dissolved\\_oxygen/index.html](http://www.ecy.wa.gov/programs/wq/tmdl/spokaneriver/dissolved_oxygen/index.html).



**SPOKANE COUNTY**

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