



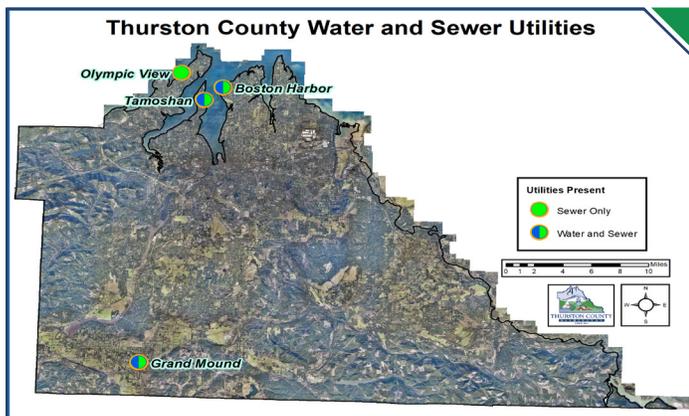
FACT SHEET

THURSTON COUNTY UTILITY CONSOLIDATION



What is Thurston County's responsibility regarding water and sewer utilities?

Thurston County is uniquely responsible for operating and maintaining seven separate utilities, including three water and four sewer utilities, in compliance with state and federal regulations.



Olympic View System: The sewer system was transferred to Thurston County in the early 1970s when the Washington State Department of Health and Ecology required a public agency to oversee its operation.

Tamoshan System: The water and sewer systems were transferred to Thurston County in the mid-1970s to ensure regulatory compliance after its initial construction by a private developer.

Boston Harbor System: In the 1980s, the water and sewer systems came under Thurston County's control when a Utility Local Improvement District (ULID) was formed to tackle public health hazards stemming from failing septic systems.

Grand Mound System: The water and sewer systems were planned, designed, and constructed by Thurston County in 1998, following a request from a locally formed Citizens Advisory Committee to meet the area's increasing development.

Why utility consolidation?

Currently, Thurston County manages the utility systems of each community separately, leading to multiple budgets, operating accounts, capital facility plans, and reserve accounts. Due to each utility's relatively small size and unique characteristics, the water and sewer rates vary significantly between communities.

To address this issue, Thurston County is proposing a consolidation that would merge ten separate water and sewer utility funds into four: one operating and one capital reserve fund for the water utility and one operating and one capital reserve fund for the sewer utility. Implementing this consolidation will require Thurston County to change the County Code, such as modifying the ULID service area definitions and designating commercial Equivalent Residential Units (ERUs) equally across all service areas.

What are some advantages of utility consolidation?

1. Reduced rate volatility due to rate blending
2. Increased rate stability due to shared utility reserves
3. Reduced risk of utility failure due to improved financial stability
4. Improved long-term infrastructure planning and financing for the communities served
5. Consolidation is in line with best industry practice
6. Cost savings due to efficiencies in accounting, administration, and utility billing
7. Less reliance on external, non-utility rate funding sources

UTILITY CONSOLIDATION TIMELINE



What led Thurston County to recommend utility consolidation?

The cost of operating utilities has been escalating year after year, driven by increased expenses in repairs, supplies, power, staffing, benefits, and all other aspects of running the systems, including the necessary investment in infrastructure. In response to this challenge, the Board received a briefing in July 2022 from Public Works and FCS Group. The briefing highlighted the key advantages of consolidating the utilities, presenting a viable solution to the ongoing cost issues. Consequently, the Board authorized rate increases in 2023 to cover operational cost needs only. This decision was made while Public Works was finalizing the consolidation, indicating a strategic shift in the management of utilities towards a more cost-effective and efficient model.

How were future utility rates determined?

FCS Group conducted a rate study to establish the 2024 water and sewer rates, considering both a consolidated utility model and the current model of separate utilities. The study revealed that upon consolidation, water and sewer rates across all communities would undergo incremental adjustments over the subsequent five years. This process would continue until all customers share the same base and usage rates, thus establishing a uniform pricing structure. It's important to note that calculating utility rates involves distributing the anticipated annual cost required to maintain and operate the utility among the number of customers within the service area. This method ensures that all users share the utility's financial burden equally.

What is a Utility Advisory Committee?

A Utility Advisory Committee (UAC) is a structured group specifically formed to facilitate communication and coordination between Thurston County Public Works and the customers of its utility services.

Selected members of UACs engage directly with Public Works, acting as a vital liaison that bridges the gap between Public Works and the utility service customers. These members play a crucial role in representing the interests of the ratepayers at regularly scheduled meetings, providing a platform for consumer voices to be heard. Beyond this, UACs are instrumental in shaping the future of utility services. They offer recommendations and feedback to Public Works staff on various issues, encompassing utility operations, rates, budget, and long-term plans. By doing so, UACs contribute to utility services' overall efficiency, effectiveness, and customer responsiveness.

What would a consolidated UAC look like?

Presently, Thurston County operates with three individual UACs, specifically for Boston Harbor, Tamoshan, and Olympic View. However, a new model has been proposed to consolidate these into a single, seven-person UAC. This proposed structure would ensure representation from all utility service areas. Specifically, two members would be selected from each of the three utility service areas that provide both water and sewer service, while one member would be chosen from the utility service area that provides only sewer service. This proposed consolidated UAC aims to streamline communication, foster a more unified approach to utility management, and ensure a comprehensive representation of all service areas.

CONTACT

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