



Budget Change Request

Change request information

Title Water & Sewer Utilities Rates & Taxes Adjustments - Consolidated Utilities
Number B-34-101 Department 34 - Public Works
Requester Amanda Landon
Published by Jay Saiki Publish Date 2023-08-26
Change Type Policy Change

Board outcome *(to be entered by budget after Board action)*

Board Decision

Board Changes

Funds affected

Fund 4340 - Grand Mound

General Fund Affected? No

More Than One Fund Affected? Yes

Policy request priority and connection to the strategic plan

Priority # 2

Strategic Plan Healthy Natural and

Does this request include federal, state, or private grants?

Grant Funded? None

Grantor and timeframe

Does this request affect current positions or propose new positions?

HR Payroll e-mailed? No

Position Impact None

Current position numbers affected

What do you need and why? Include any unexpected and external requirements.

Statement of Need

The Water & Sewer Utilities division is proposing consolidation of the utilities beginning in 2024 resulting in changes to the 2024 and 2025 proposed monthly base and water usage rates. Consolidation will combine the 7 separate utilities (4 sewer and 3 water) into 2 utilities (1 sewer and 1 water). As part of this consolidation, Thurston County will be moving towards a blended utility rate model, which is a 5-year plan to merge the rates by incrementally adjusting the separate service area rates to achieve one rate that applies to all service areas. In the long term, the consolidation will stabilize the rates and utility operations, improve financial strength, and provide administrative efficiencies. The proposed rate changes for 2024 and 2025 respectively are:

Boston Harbor Sewer - 1% increase | 1% increase

Boston Harbor Water - 8% increase | 8% increase

Tamoshan Sewer - 3% decrease | 3% decrease

Tamoshan Water - 3% decrease | 4% decrease

Grand Mound Sewer - 6% increase | 6% increase

Grand Mound Water - 7% increase | 7% increase

Olympic View Sewer - 0% increase | 0% increase

These adjustments, based on a rate study performed by the FCS Group, incorporate the rising costs of operating and maintaining the water and sewer utilities that are 100% rate funded. They also take into account future infrastructure needs.

The consolidation is critical as the rate increases for the separate utilities will be significantly higher if they remain separate, with the exception of Grand Mound. These proposed rates cannot be adopted without consolidation or certain utilities may not remain financially solvent through 2025. For reference, the rates required for unconsolidated utilities have been provided on a separate policy level request.

An increase in the taxes budget is also included on this request as the expenses directly correlate to the rate revenue.

How will this change the performance of your office or department?

Statement of Need

These rate increases/decreases will begin the adjustment towards a blended rate model for the utility consolidation. The adjustments will provide the needed funding to maintain the level of service the customers need, ensure compliance with regulatory requirements, and contribute to the infrastructure reserve fund.

Expenditure, FTE and revenue assumptions plus current budget level

Assumptions

Rate adjustments were calculated by the FCS Group, the consulting firm that has provided expertise to Thurston County Public Works through the utility consolidation process. This rate model is a 5-year plan to blend the utility rates for the 7 separate utilities (4 sewer and 3 water) into one sewer base rate, one water base rate and one water usage rate.

The rate adjustments were calculated with the anticipated costs to operate and maintain the utilities as well as the anticipated long term infrastructure needs.

Current Budget Level

Current Boston Harbor sewer rate revenue is \$373,300. The request increases the budget to \$377,800 for 2025 and \$382,400 for 2025.
 Current Boston Harbor water rate revenue is \$228,500. The request increases the budget to \$246,400 for 2025 and \$265,700 for 2025.
 Current Tamoshan sewer rate revenue is \$211,800. The request decreases the budget to \$205,200 for 2025 and \$198,200 for 2025.
 Current Tamoshan water rate revenue is \$126,000. The request decreases the budget to \$122,600 for 2025 and \$117,900 for 2025.
 Current Grand Mound sewer rate revenue is \$1,637,000. The request increases the budget to \$1,751,800 for 2025 and \$1,872,500 for 2025.
 Current Grand Mound water rate revenue is \$1,215,600. The request increases the budget to \$1,313,100 for 2025 and \$1,418,400 for 2025.

Current Boston Harbor sewer tax expenditure is \$13,144. The request increases the budget to \$13,300 for 2025 and \$13,500 for 2025.
 Current Boston Harbor water tax expenditure is \$12,763. The request increases the budget to \$13,800 for 2025 and \$14,900 for 2025.
 Current Tamoshan sewer tax expenditure is \$4,400. The request decreases the budget to \$4,300 for 2025 and \$4,200 for 2025.
 Current Tamoshan water tax expenditure is \$6,825. The request decreases the budget to \$6,600 for 2025 and \$6,300 for 2025.
 Current Grand Mound sewer tax expenditure is \$33,000. The request increases the budget too \$35,000 for 2025 and \$37,100 for 2025.
 Current Grand Mound water tax expenditure is \$58,900. The request increases the budget to \$63,000 for 2025 and \$67,400 for 2025.

What happens if this isn't funded? Are there other options?

Impacts and Alternatives

The alternative would be to not consolidate the utilities, resulting in significantly higher and unsustainable rate increases for the individual utilities (excluding Grand Mound). Alternative (significantly higher) rates would need to be adopted for certain utilities to ensure financial solvency.

How does this request affect other offices and departments?

Impact to Other Departments None

Which Other Departments are Affected?

Operating Transfer Needed? No

Operating Transfer Coding and Amount

Personnel Information

FTE	Number	Name	Start Date	End Date
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Operating Revenue Line Items

Org Code	Object Code	Object Description	Project Code	2024	2025
4200W890	343500	SEWER SERVICE		4,500	9,100.00
4200W896	343400	WATER SALES		17,900	37,200.00
4300W890	343500	SEWER SERVICE		(6,600)	(13,600.00)
4340W890	343500	SEWER SERVICE		412,000	412,000.00
4340W890	343500	SEWER SERVICE		151,800	295,000.00
4350W896	343400	WATER SALES		379,000	379,000.00

4350W896	343400	WATER SALES		116,500	235,300.00
4400W896	343400	WATER SALES		(3,400)	(8,100.00)
			Total:	1,071,700.00	1,345,900.00

Capital Revenue Line Items

Org Code	Object Code	Object Description	Project Code	2024	2025
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Operating Expenditure Line Items

Org Code	Object Code	Object Description	Project Code	2024	2025
4200W810	544001	TAXES & OP ASSESSMENTS		156	356.00
4200W816	544001	TAXES & OP ASSESSMENTS		1,037	2,137.00
4300W810	544001	TAXES & OP ASSESSMENTS		(100)	(200.00)
4340W810	544001	TAXES & OP ASSESSMENTS		2,000	4,100.00
4350W816	544001	TAXES & OP ASSESSMENTS		4,100	8,500.00
4400W816	544001	TAXES & OP ASSESSMENTS		(225)	(525.00)
			Total:	6,968.00	14,368.00

Capital Expenditure Line Items

Org Code	Object Code	Object Description	Project Code	2024	2025
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